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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 0-32405



Seattle Genetics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**91-1874389**
(State or other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

21823 30th Drive SE, Bothell, WA 98021

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(425) 527-4000**

Securities registered pursuant to Section 12(b) of the Act:

Title of class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001	SGEN	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $7.5 billion as of the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing sale price on The Nasdaq Global Select Market reported for such date. Excludes an aggregate of 53,192,037 shares of the registrant's Common Stock held as of such date by officers, directors and stockholders that the registrant has concluded are or were affiliates of the registrant. Exclusion of such shares should not be construed to indicate that the holder of any such shares possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant or that such person is controlled by or under common control with the registrant.

There were 172,259,645 shares of the registrant's Common Stock issued and outstanding as of February 3, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, in connection with the Registrant's 2020 Annual Meeting of Stockholders.

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This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than statements of historical facts are "forward-looking statements" for purposes of these provisions, including those relating to future events or our future financial performance and financial guidance. In some cases, you can identify forward-looking statements by terminology such as "may," "might," "will," "should," "expect," "plan," "anticipate," "project," "believe," "estimate," "predict," "potential," "intend" or "continue," the negative of terms like these or other comparable terminology, and other words or terms of similar meaning in connection with any discussion of future operating or financial performance. These statements are only predictions. All forward-looking statements included in this Annual Report on Form 10-K are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements, except as required by law. Any or all of our forward-looking statements in this document may turn out to be incorrect. Actual events or results may differ materially. Our forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks, uncertainties and other factors. We discuss many of these risks, uncertainties and other factors in this Annual Report on Form 10-K in greater detail under the heading "Item 1A—Risk Factors." We caution investors that our business and financial performance are subject to substantial risks and uncertainties.

PART I

Item 1. Business

Overview

Seattle Genetics is a biotechnology company that develops and commercializes therapies targeting cancer. We are commercializing ADCETRIS®, or brentuximab vedotin, for the trbreatment of certain CD30-expressing lymphomas, and PADCEV™, or enfortumab vedotin-ejfv, for the treatment of certain metastatic urothelial cancers. We are also advancing a pipeline of novel therapies for solid tumors and blood-related cancers designed to address unmet medical needs and improve treatment outcomes for patients. Many of our programs, including ADCETRIS and PADCEV, are based on our antibody-drug conjugate, or ADC, technology that utilizes the targeting ability of monoclonal antibodies to deliver cell-killing agents directly to cancer cells.

ADCETRIS is commercially available in more than 70 countries worldwide. We commercialize ADCETRIS in the U.S. and its territories and in Canada, and we collaborate with Takeda Pharmaceutical Company Limited, or Takeda, to develop and commercialize ADCETRIS on a global basis. Under this collaboration, Takeda has commercial rights in the rest of the world and pays us a royalty. ADCETRIS is approved by the U.S. Food and Drug Administration, or FDA, in six indications. In Hodgkin lymphoma, ADCETRIS is approved as monotherapy for patients whose disease has relapsed and as consolidation therapy following prior treatment, and in combination with chemotherapy for the treatment of patients with previously untreated disease. In T-cell lymphomas, ADCETRIS is approved as monotherapy for patients with relapsed or refractory systemic anaplastic large cell lymphoma, or sALCL, or certain types of cutaneous T-cell lymphoma, and in combination with chemotherapy for patients with previously untreated CD30-expressing peripheral T-cell lymphoma, or PTCL.

Beyond our current labeled indications, we are evaluating ADCETRIS in several clinical trials. These include a potentially registration-enabling trial evaluating treatment with ADCETRIS in Hodgkin lymphoma and PTCL patients who are unfit for combination chemotherapy, and a potentially registration-enabling trial evaluating retreatment with ADCETRIS in Hodgkin and T-cell lymphoma patients who progress after a prior response, including in the frontline setting. In addition, we are evaluating ADCETRIS in combination with nivolumab for Hodgkin and non-Hodgkin lymphoma under a clinical collaboration with Bristol-Myers Squibb Company, or BMS. Nivolumab is a programmed death-1, or PD-1, immune checkpoint inhibitor.

Our second marketed product PADCEV, was granted accelerated approval by the FDA in December 2019 for the treatment of adult patients with locally advanced or metastatic urothelial cancer who have previously received a PD-1 or PD-L1 inhibitor and a platinum-containing chemotherapy before (neoadjuvant) or after (adjuvant) surgery or in a locally advanced or metastatic setting. It is the first FDA approved treatment for these patients. PADCEV was approved under the FDA's Accelerated Approval Program based on tumor response rate. Continued approval may be contingent upon verification and description of clinical benefit in confirmatory trials. A global, randomized phase 3 clinical trial, called EV-301, which is a required confirmatory trial, is ongoing and is also intended to support global registrations. We completed enrollment in the trial in January 2020.

PADCEV is being co-developed and jointly commercialized with Astellas Pharma, Inc., or Astellas. In the U.S., we and Astellas are jointly promoting PADCEV. In the U.S. we record net sales of PADCEV and are responsible for all distribution activities. We and Astellas each bear the costs of our own sales organizations in the U.S., equally share certain other costs associated with commercializing PADCEV in the U.S., and equally share in any profits realized in the U.S.

FDA approval of PADCEV was supported by data from a single-arm pivotal phase 2 clinical trial called EV-201. The trial enrolled 125 patients with locally advanced or metastatic urothelial cancer who received prior treatment with a PD-1 or PD-L1 inhibitor and a platinum-based chemotherapy. Positive results from the first cohort were presented at the American Society of Clinical Oncology, or ASCO, 2019 annual meeting and published in the *Journal of Clinical Oncology*. We are continuing enrollment in the EV-201 trial for the second cohort of patients who previously received a PD-1 or PD-L1 inhibitor, but who were not candidates for treatment with a platinum agent, which we believe could potentially serve as the basis for a second indication.

PADCEV is also being investigated in frontline metastatic urothelial cancer and earlier stages of bladder cancer. We and Astellas are conducting a phase 1/2 clinical trial, called EV-103, that is a multi-cohort, open-label trial of PADCEV alone or in combination with the anti-PD-1 therapy pembrolizumab and/or chemotherapy. The trial is evaluating safety, tolerability and activity in locally advanced and first- and second-line metastatic urothelial cancer, and was recently expanded to include muscle invasive bladder cancer. In September 2019, initial results from the trial in patients with previously untreated locally advanced or metastatic urothelial cancer who were ineligible for treatment with cisplatin-based chemotherapy were presented at the European Society for Medical Oncology, or ESMO, 2019 Congress, that demonstrated a confirmed objective response rate, or ORR, of 71 percent and met safety outcome measures.

Positive initial data from the EV-103 trial support a recently initiated global, registrational phase 3 trial, called EV-302, in frontline metastatic urothelial cancer that is being conducted under a clinical collaboration agreement between us, Astellas and Merck. Under the terms of the agreement, we, Astellas and Merck are jointly funding EV-302. The trial was initiated in January 2020 and the trial is being led by us. EV-302 is an open-label, randomized phase 3 clinical trial evaluating the combination of PADCEV and pembrolizumab with or without chemotherapy versus chemotherapy alone in patients with previously untreated locally advanced or metastatic urothelial cancer. The trial is expected to enroll 1,095 patients and the dual primary endpoints are progression-free survival, or PFS, and overall survival, or OS.

In addition in January 2020, we and Astellas initiated a phase 2 clinical trial, called EV-202, to evaluate PADCEV monotherapy in solid tumors that have high-levels of Nectin-4 expression, including non-small cell lung, head and neck, gastric/esophageal and breast cancers.

The most advanced program in our clinical pipeline is tucatinib, an oral, small molecule tyrosine kinase inhibitor, or TKI, that is highly selective for HER2, a growth factor receptor overexpressed in many cancers. Positive results from the tucatinib HER2CLIMB-01 pivotal trial were presented in December 2019 at the 2019 San Antonio Breast Cancer Symposium and simultaneously published in the *New England Journal of Medicine*. HER2CLIMB-01 is a randomized pivotal clinical trial comparing tucatinib added to trastuzumab and capecitabine versus trastuzumab and capecitabine alone in patients with locally advanced or metastatic HER2-positive breast cancer who were previously treated with trastuzumab, pertuzumab and ado-trastuzumab emtansine, or T-DM1.

Based on the HER2CLIMB-01 results, in December 2019, tucatinib was granted Breakthrough Therapy designation by the FDA in combination with trastuzumab and capecitabine for treatment of patients with locally advanced unresectable or metastatic HER2-positive breast cancer, including patients with brain metastases, who have been treated with trastuzumab, pertuzumab and T-DM1. Also in December 2019, we submitted a New Drug Application, or NDA, to the FDA under Oncology Center of Excellence's, or OCE's, Real Time Oncology Review, or RTOR, pilot program. We are also participating in the Project Orbis initiative of the FDA OCE which provides a framework for concurrent submission and review of oncology products among international partners. Countries currently included in this initiative are Australia, Canada, Singapore, Switzerland and the U.S. In addition to the U.S., applications for approval were submitted to the other participating countries. In January 2020, we submitted a Marketing Authorization Application, or MAA, to the European Medicines Agency, or EMA, and the submission was validated, which confirms it is sufficiently complete to begin the formal review process.

We intend to conduct a broad clinical development program of tucatinib in earlier lines of breast cancer and in other HER2-positive cancers. In October 2019, we initiated a phase 3 randomized trial, called HER2CLIMB-02, of tucatinib versus placebo, in combination with T-DM1 for patients with unresectable locally advanced or metastatic HER2-positive breast cancer, including those with brain metastases, who have had prior treatment with a taxane and trastuzumab.

We are also conducting a phase 2 trial, called MOUNTAINEER, evaluating tucatinib in combination with trastuzumab in patients with HER2-positive, RAS wild-type metastatic colorectal cancer after treatment with first- and second-line standard-of-care therapies. Initial results from 23 patients were presented at the ESMO 2019 Congress that demonstrated encouraging antitumor activity. We have expanded enrollment in the trial so that it could potentially support an application for accelerated approval in the U.S.

In collaboration with Genmab A/S, or Genmab, we are developing tisotumab vedotin, which is an ADC targeting tissue factor. We and Genmab are conducting a pivotal phase 2 trial, called the innovaTV 204 trial, evaluating single-agent tisotumab vedotin for patients with recurrent and/or metastatic cervical cancer who have relapsed or progressed after standard of care treatment. The trial is intended to support a potential regulatory submission under the FDA's accelerated approval pathway. In March 2019, we completed enrollment in the innovaTV 204 trial and we anticipate reporting topline data from the trial in the first half of 2020. We are also conducting a phase 2 clinical trial called innovaTV 207 for patients with relapsed, locally advanced or metastatic solid tumors which is intended to inform future development plans. In addition, we are conducting a phase 2 clinical trial, called innovaTV 208, for patients with platinum-resistant ovarian cancer.

We are developing ladiratuzumab vedotin, an ADC targeting LIV-1, which is currently being evaluated in phase 1 and phase 2 clinical trials both as monotherapy and in combination with other agents for patients with metastatic breast cancer and select solid tumors with high LIV-1 expression.

We are advancing a pipeline of early-stage clinical candidates as well as multiple preclinical and research-stage programs that employ our proprietary technologies. We have advanced several product candidates into clinical development in 2019 and we plan to submit several investigational new drug applications, or INDs, to the FDA in 2020.

We have active license agreements for our ADC technology with a number of biotechnology and pharmaceutical companies, including AbbVie Biotechnology Ltd., or AbbVie; Genentech, Inc., a member of the Roche Group, or Genentech; GlaxoSmithKline LLC, or GSK; and Progenics Pharmaceuticals Inc, as well as collaboration agreements with Astellas and Genmab. Genentech and GSK have ADCs using our technology in late-stage clinical trials. In June 2019, Genentech received accelerated approval from the FDA and, in January 2020, received conditional marketing authorization from the European Commission for Polivy® (polatuzumab vedotin-piic), an ADC that uses our technology, to treat patients with relapsed or refractory diffuse large B-cell lymphoma. Under our ADC license agreement with Genentech, the accelerated approval of Polivy triggered a milestone payment to us and we also receive royalties on net sales of Polivy worldwide. In January 2020, the FDA granted priority review for GSK's Biologics License Application, or BLA, and in February 2020 the EMA validated GSK's MAA for belantamab mafodotin, an additional ADC that uses our technology, for the treatment of patients with relapsed or refractory multiple myeloma, whose prior therapy included an immunomodulatory agent, a proteasome inhibitor, and an anti-CD38 antibody. Additionally, GSK initiated a phase 3 clinical trial of belantamab mafodotin in the fourth quarter of 2019.

Our Strategy

Our strategy is to become a global oncology company developing and marketing targeted therapies for cancer. Key elements of our strategy are to:

- *Successfully Execute Our ADCETRIS Commercial Plan.* We continue to focus our efforts on commercializing ADCETRIS in the United States and Canada, particularly its use for previously untreated Hodgkin lymphoma and CD30-expressing PTCL, through the coordinated efforts of our sales, marketing, reimbursement and market planning groups. Beyond the frontline setting in the U.S. and Canada, ADCETRIS is approved by the FDA for four additional indications in other settings for the treatment of Hodgkin lymphoma and T-cell lymphomas. In addition, we are continuing to support Takeda's efforts to obtain regulatory approvals and conduct commercial launches in additional countries worldwide.
- *Expand the Therapeutic Potential of ADCETRIS.* We believe ADCETRIS may have additional applications in the treatment of Hodgkin lymphoma and other types of CD30-expressing lymphomas. Clinical trials are being conducted by us, including ones that are potentially registration-enabling, as well as by our collaborators and by investigators in different CD30-expressing indications. They include novel combinations of ADCETRIS plus other anticancer agents and in other areas of medical and scientific interest. Several clinical trials are evaluating ADCETRIS in combination with nivolumab, a PD-1 inhibitor, in various lymphoma settings.
- *Successfully Commercialize PADCEV in the U.S. and Seek Approval in Other Territories Globally.* We and our partner Astellas are focused on commercializing PADCEV in the U.S. following accelerated approval by the FDA in December 2019. We have established an experienced commercial team that is providing information to patients and physicians as to the efficacy and safety of PADCEV for the treatment of patients with previously treated metastatic urothelial cancer. We are also advancing a global, randomized phase 3 clinical trial, EV-301, that is intended to support global regulatory applications for potential approvals.
- *Expand the Therapeutic Potential of PADCEV.* We are conducting trials evaluating PADCEV both as a single agent and in combination with other anticancer agents in different settings of urothelial cancer. We have initiated a registration-enabling phase 3 trial of PADCEV in combination with pembrolizumab for previously untreated metastatic urothelial cancer based on positive results from the EV-103 trial. Additionally, we are investigating PADCEV in a phase 1/2 trial for treatment of muscle-invasive bladder cancer, an earlier non-metastatic stage of the disease, as well as in other solid tumors.
- *Seek Approval and Commercialize Tucatinib in the U.S., Europe and Other Territories Globally.* Our efforts are focused on advancing applications for approval submitted to the FDA in December 2019 and the EMA in January 2020 for patients with previously treated HER2-positive metastatic breast cancer. Our strategy is to commercialize tucatinib in the U.S., Europe and additional countries globally.
- *Expand the Therapeutic Potential of Tucatinib in Earlier Lines of HER2-Positive Metastatic Breast Cancer and Other HER2-Positive Cancers.* We are advancing a registration-enabling phase 3 trial of tucatinib in combination with T-DM1 in previously treated HER2-positive metastatic breast cancer that would potentially support use in earlier lines of therapy. In addition, we are conducting a phase 2 trial in HER2-positive metastatic colorectal cancer.
- *Advance Our Clinical Pipeline of Oncology Drugs*. We are deploying our clinical, development, regulatory and manufacturing expertise with the goal of advancing our product candidates. Our key efforts in this regard include:
    - *Advance Tisotumab Vedotin including in a Pivotal Trial for Cervical Cancer.* We and Genmab are conducting a pivotal phase 2 trial for patients with recurrent and/or metastatic cervical cancer who have relapsed or progressed after standard of care treatment. In addition, as part of our strategy to broadly investigate tisotumab vedotin for cancer we and Genmab are conducting clinical trials for patients in other solid tumors that are intended to inform future development plans.

- *Continue to Develop Our Other Pipeline Programs.* We believe that it is important to maintain a diverse pipeline of product candidates to sustain our future growth. To accomplish this, we are continuing to advance the development of our other clinical product candidates as well as other preclinical and research-stage programs that employ our proprietary technologies. We are evaluating our programs as monotherapy, and in some cases in combination with other anticancer agents such as checkpoint inhibitors, to broadly assess the potential of our pipeline as part of existing and emerging therapeutic regimens.

- *Support Growth of Our Pipeline through Internal Research Efforts, and Enter Into Strategic Transactions and Collaborations.* We have internal research programs directed at identifying novel antigen targets, monoclonal antibodies and other targeting molecules, creating new antibody engineering techniques and developing new classes of stable linkers and cell-killing agents for our ADC technology. In addition, we supplement these internal efforts through ongoing initiatives to identify product candidates, products and technologies to acquire or in-license from biotechnology and pharmaceutical companies and academic institutions. We have also entered into collaborations to broaden and accelerate clinical trial development and potential commercialization of our product candidates. Collaborations may be entered into in order to supplement our own internal expertise in key areas such as manufacturing, regulatory affairs and clinical development, or provide us with access to our collaborators' marketing, sales and distribution capabilities in specific territories.

- *Continue to Expand Globally.* We have established operations in Zug, Switzerland and in Amsterdam, the Netherlands to support our operations within Europe. We acquired global rights to tucatinib in 2018, and we plan to continue to develop our European presence in support of our commercialization of tucatinib in Europe. We plan to expand globally in stages and are evaluating different alternatives for tucatinib commercialization in regions outside of the United States, Canada and Western Europe including potential distributorships, partnering and out-license arrangements.

- *Continue to Leverage Our Industry-Leading ADC Technology.* We have developed proprietary ADC technology designed to empower monoclonal antibodies. We are currently developing multiple product candidates that employ our ADC technology and we have also licensed this technology to biotechnology and pharmaceutical companies to generate collaboration revenues and funding, as well as potential milestones and potential future royalties. Presently, we have active ADC license agreements with AbbVie, Genentech, GSK, and Progenics, as well as collaboration agreements with Astellas and Genmab. ADC collaboration and license agreements have generated over $425 million as of December 31, 2019, primarily in the form of upfront and milestone payments. In June 2019, Genentech received approval for Polivy from the FDA and, in January 2020, from the European Commission. In January 2020, the FDA granted priority review for GSK's Biologics License Application, or BLA, and in February 2020 the EMA validated GSK's MAA for belantamab mafodotin for the treatment of patients with relapsed or refractory multiple myeloma, whose prior therapy included an immunomodulatory agent, a proteasome inhibitor, and an anti-CD38 antibody.

Marketed Products

We are currently commercializing ADCETRIS for patients with certain CD30-expressing lymphomas and PADCEV for patients with previously treated metastatic urothelial cancer.

ADCETRIS

ADCETRIS is an ADC targeting CD30, which is a protein located on the surface of cells and highly expressed in Hodgkin lymphoma, certain T-cell lymphomas as well as other cancers. We are collaborating with Takeda on the global development and commercialization of ADCETRIS. Under this collaboration, we have rights to commercialize ADCETRIS in the United States and Canada. Takeda has exclusive rights to commercialize ADCETRIS in the rest of the world. ADCETRIS has received regulatory approvals in the United States and Canada as follows:

Indication[1]	Approvals
ADCETRIS approvals in classical Hodgkin lymphoma (cHL)	
Previously untreated Stage III/IV cHL in combination with doxorubicin, vinblastine and dacarbazine	U.S. Canada
cHL at high risk of relapse or progression as post-autologous hematopoietic stem cell transplantation (auto-HSCT) consolidation	U.S. Canada
cHL after failure of auto-HSCT or after failure of at least two prior multi-agent chemotherapy regimens in patients who are not auto-HSCT candidates	U.S. Canada
ADCETRIS approvals in T-cell lymphoma	
Previously untreated sALCL or other CD30-expressing PTCL, including angioimmunoblastic T-cell lymphoma and PTCL not otherwise specified, in combination with cyclophosphamide, doxorubicin and prednisone	U.S. Canada
sALCL after failure of at least one prior multi-agent chemotherapy regimen	U.S. Canada[2]
Primary cutaneous anaplastic large cell lymphoma (pcALCL) or CD30-expressing mycosis fungoides (MF) who have received prior systemic therapy	U.S. Canada

1. *ADCETRIS is only indicated for adults.*
2. *Approval with conditions.*

Takeda has received regulatory approval for ADCETRIS as monotherapy or in combination with agents in various settings for the treatment of patients with Hodgkin lymphoma or CD30-positive T-cell lymphomas in Europe and the rest of the world, and is pursuing additional regulatory approvals. ADCETRIS is commercially available in more than 70 countries worldwide.

Market Opportunities

According to the American Cancer Society, approximately 8,500 cases of Hodgkin lymphoma are expected to be diagnosed in the United States during 2020, and an estimated 1,000 people are expected to die of the disease. Approximately 4,000 patients are diagnosed annually in the United States with a type of CD30-expressing PTCL, including sALCL. The standard of care frontline therapy for patients with Hodgkin lymphoma and PTCL has seen limited improvement over the last few decades. Additionally, these chemotherapy regimens have substantial associated toxicities and a significant number of lymphoma patients relapse and require additional treatments including other chemotherapy regimens and autologous stem cell transplant, or ASCT. An estimated 1,000 people annually have CD30-expressing mycosis fungoides or primary cutaneous ALCL requiring systemic therapy.

PADCEV

PADCEV is an ADC targeting Nectin-4, a protein expressed on the surface of cells and highly expressed in bladder cancer as well as other cancers. PADCEV was granted accelerated approval by the FDA in December 2019 for the treatment of adult patients with locally advanced or metastatic urothelial cancer who have previously received a PD-1 or PD-L1 inhibitor and a platinum-containing chemotherapy before (neoadjuvant) or after (adjuvant) surgery or in a locally advanced or metastatic setting. It is the first FDA approved treatment for these patients. PADCEV is approved under the FDA's Accelerated Approval Program based on tumor response rate. The FDA's Accelerated Approval Program allows approval of a medicine based on a surrogate endpoint, such as tumor response rate, if the medicine fills an unmet medical need for a serious condition. A global, randomized phase 3 clinical trial, EV-301, which is a required confirmatory trial, completed enrollment in January 2020 and is also intended to support global registrations.

The primary basis for the BLA submission to the FDA was the positive EV-201 pivotal trial results of PADCEV. EV-201 is a phase 2 multi-center trial that enrolled 125 patients with locally advanced or metastatic urothelial cancer who received prior treatment with a PD-1 or PD-L1 inhibitor and a platinum-based chemotherapy. In the trial, the primary endpoint of confirmed ORR was 44 percent per blinded independent central review (55/125; 95 percent Confidence Interval, or CI,: 35.1, 53.2). Among patients treated with the single agent PADCEV, 12 percent (15/125) experienced a complete response, meaning no cancer could be detected at the time of assessment, and 32 percent (40/125) experienced a partial response, meaning a decrease in tumor size or extent of cancer in the body. The median duration of response, or DoR, a secondary endpoint, was 7.6 months (95 percent CI: 6.3, not estimable). The most common serious adverse reactions (≥3 percent) were urinary tract infection (6 percent), cellulitis (5 percent), febrile neutropenia (4 percent), diarrhea (4 percent), sepsis (3 percent), acute kidney injury (3 percent), dyspnea (3 percent), and rash (3 percent). The most common adverse reaction leading to discontinuation was peripheral neuropathy (6 percent). The most common adverse reactions (≥20 percent) were fatigue (56 percent), peripheral neuropathy (56 percent), decreased appetite (52 percent), rash (52 percent), alopecia (50 percent), nausea (45 percent), dysgeusia (42 percent), diarrhea (42 percent), dry eye (40 percent), pruritus (26 percent) and dry skin (26 percent). The most common Grade ≥3 adverse reactions (≥5 percent) were rash (13 percent), diarrhea (6 percent) and fatigue (6 percent).

Market Opportunities

Approximately 154,000 people in the United States will present annually with the need for treatment for newly diagnosed or recurrent bladder cancer. This includes approximately 20,000 with metastatic disease, 28,000 with muscle invasive disease and 106,000 with non-muscle invasive disease. In the metastatic setting, several PD-1 and PD-L1 inhibitors have been approved for urothelial cancer in the past several years and are improving outcomes for some patients, yet the vast majority of patients do not benefit, or relapse, and require additional treatment options. Prior to the approval of PADCEV in the U.S. there were no approved agents in the post-platinum-based therapy and post-checkpoint inhibitor setting, representing an unmet medical need. We are conducting clinical trials in frontline metastatic disease and in muscle invasive bladder cancer. In addition, we are working on a development strategy in non-muscle invasive bladder cancer.

Our Clinical Development Pipeline

The following table summarizes the clinical development status of ADCETRIS, PADCEV and our lead product candidates:

Name of Product or Product Candidate	Therapeutic Area	Monotherapy/Combination	Development Status
ADCETRIS (brentuximab vedotin)	Frontline Hodgkin lymphoma	In combination with nivolumab, doxorubicin and dacarbazine[1]	Phase 2
	Frontline Hodgkin lymphoma or PTCL that is unfit for chemotherapy	Monotherapy	Phase 2
	Relapsed Hodgkin lymphoma or PTCL; retreatment with ADCETRIS	Monotherapy	Phase 2
	Relapsed Hodgkin lymphoma (pediatrics)	Combination with nivolumab[1]	Phase 2 (CheckMate 744)
PADCEV (enfortumab vedotin-ejfv)[2]	Metastatic urothelial cancer previously treated with a PD-1 or PD-L1 inhibitor and is platinum naive or cisplatin ineligible	Monotherapy	Pivotal Phase 2 (EV-201 cohort 2)
	Metastatic urothelial cancer previously treated with platinum chemotherapy and a PD-1 or PD-L1 inhibitor		Phase 3 (EV-301)
	Frontline metastatic urothelial cancer	In combination with pembrolizumab with or without platinum agents	Phase 3 (EV-302)
	Frontline metastatic urothelial cancer or muscle invasive bladder cancer	In combination with platinum agents and/or pembrolizumab	Phase 1/2 (EV-103)
	Metastatic solid tumors including non-small cell lung cancer, head and neck, gastric/esophageal and breast cancer	Monotherapy	Phase 2 (EV-202)
Tucatinib	HER2+ metastatic breast cancer previously treated with HER2-targeted agents, including patients with brain metastases	In combination with capecitabine and trastuzumab	Pivotal Phase 2 (HER2CLIMB-01)
	HER2+ metastatic breast cancer previously treated with a taxane and trastuzumab, including patients with brain metastases	In combination with ado-trastuzumab (T-DM1)	Phase 3 (HER2CLIMB-02)
	HER2+ metastatic colorectal cancer	In combination with trastuzumab	Phase 2 (MOUNTAINEER)
Tisotumab Vedotin[3]	Recurrent/metastatic cervical cancer	Monotherapy	Pivotal Phase 2 (innovaTV 204)
	First- and -second-line metastatic cervical cancer	In combination with other cancer agents	Phase 1/2 (innovaTV 205)
	Relapsed, locally advanced or metastatic solid tumors	Monotherapy	Phase 2 (innovaTV 207)
	Platinum-resistant ovarian cancer	Monotherapy	Phase 2 (innovaTV 208)

1. *Clinical collaboration with Bristol-Myers Squibb*
2. *50:50 co-development and commercial collaboration with Astellas*
3. *50:50 co-development and commercial collaboration with Genmab*

Development Status

ADCETRIS (brentuximab vedotin)

Beyond our current labeled indications, we are evaluating ADCETRIS monotherapy and in combination with other agents in ongoing trials. In addition to our corporate-sponsored trials there are numerous investigator-sponsored trials of ADCETRIS in the United States. The investigator-sponsored trials include the use of ADCETRIS in a number of malignant hematologic indications and in solid tumors. Several investigator-sponsored trials are currently evaluating ADCETRIS with immuno-oncology compounds in Hodgkin lymphoma, and we expect that additional investigator-sponsored trials might evaluate ADCETRIS in novel combination regimens.

Recent clinical data and analyses from select trials of ADCETRIS were presented at the 61st American Society of Hematology annual meeting in December 2019 including:

- *Four-Year Update of the phase 3 ECHELON-1 Trial.* As previously reported, the ECHELON-1 trial achieved its primary endpoint with the combination of ADCETRIS plus AVD (Adriamycin [doxorubicin], vinblastine and dacarbazine) resulting in a statistically significant improvement in modified PFS compared to the control arm of ABVD, which includes bleomycin. A four-year post-hoc exploratory analysis was conducted to examine PFS outcomes per investigator assessment in the intent-to-treat population of 1,334 patients. The four-year PFS rate for patients in the ADCETRIS plus AVD arm was 81.7 percent compared to 75.1 percent in the ABVD arm, a difference of 6.6 percent (hazard ratio, or HR, =0.69; 95 percent CI: 0.542, 0.881; p=0.003). This represents a 31 percent reduction in the risk of progression or death. Median follow-up time was 48.4 months. As previously reported for the primary analysis, on the ADCETRIS plus AVD arm, peripheral neuropathy events were observed in 67 percent of patients compared to 43 percent in the ABVD arm. The four-year update shows that among patients with peripheral neuropathy, 83 percent in the ADCETRIS plus AVD arm and 84 percent in the ABVD arm reported complete resolution or improvement at last follow-up.
- *Phase 2 Study of Frontline ADCETRIS Plus Nivolumab in Patients with Hodgkin Lymphoma Aged ≥ 60 Years.* Data were presented from an updated analysis of the phase 2 clinical trial evaluating ADCETRIS in combination with nivolumab as frontline therapy for Hodgkin lymphoma patients aged 60 years and older. Data were reported from 21 patients, and the median age was 72 years. The majority of patients (76 percent) had stage III/IV disease at the time of diagnosis. Of 19 response-evaluable patients, 18 patients (95 percent) had an objective response, including 13 patients (68 percent) with a complete response and five patients (26 percent) with a partial response. All response-evaluable patients experienced tumor reduction (complete response + partial response + stable disease) following treatment with ADCETRIS in combination with nivolumab. Median duration of response was not yet reached after median follow-up of 6.8 months and the maximum duration of response was 22 months and ongoing (95 percent CI: 7.06, not estimable). The most common treatment-related adverse events of any grade occurring in at least 20 percent of patients were fatigue, diarrhea, pyrexia, infusion related reaction, peripheral motor neuropathy, peripheral sensory neuropathy and increase in lipase. One treatment-related serious adverse event was pyrexia.

PADCEV (enfortumab vedotin-efjv)

PADCEV is an ADC composed of an anti-Nectin-4 monoclonal antibody linked to a potent auristatin compound using our proprietary ADC technology. Nectin-4 is a novel target expressed in multiple cancers including urothelial cancers, such as bladder cancer, as well as ovarian and lung cancers. We are developing PADCEV as a potential treatment for solid tumors under our collaboration with Astellas.

We and Astellas are conducting a pivotal, single-arm phase 2 clinical trial, called EV-201, of single-agent PADCEV for locally advanced or metastatic urothelial cancer patients who have been previously treated with PD-1 or PD-L1 inhibitor therapy. Results from the first cohort of patients who previously received both platinum chemotherapy and a PD-1 or PD-L1 inhibitor were submitted to the FDA in July 2019 for accelerated approval which was subsequently granted in December 2019. We are continuing enrollment in a second cohort of patients who previously received a PD-1 or PD-L1 inhibitor but who were not candidates for treatment with a platinum agent, which we believe could potentially serve as the basis for a second indication.

We and Astellas are also conducting a phase 1/2 trial, called EV-103, that is a multi-cohort, open-label trial of PADCEV alone or in combination with the immune therapy pembrolizumab and/or chemotherapy. The trial is evaluating safety, tolerability and activity in locally advanced and first- and second-line metastatic urothelial cancer, and was recently expanded to include muscle invasive bladder cancer. In September 2019, initial results from the trial were presented at the ESMO 2019 Congress. Forty-five patients were evaluated for safety with the combination of PADCEV and pembrolizumab in previously untreated patients with locally advanced or metastatic urothelial cancer who were ineligible for treatment with cisplatin-based chemotherapy. The trial met outcomes for safety and the data indicated that the combination of PADCEV plus pembrolizumab shrank tumors in the majority of patients, resulting in a confirmed ORR of 71 percent (95 percent CI: 55.7, 83.6). The complete response rate was 13 percent. Fifty-eight percent of patients had a partial response and 22 percent had stable disease. Ninety-one percent of responses were observed at the first assessment. The duration of response range was from one to 10.5 months and ongoing. Fifty-one percent of patients had an adverse event greater than or equal to Grade 3. Among these events, an increase in lipase was the most frequent (13 percent). Four patients (9 percent) discontinued treatment due to treatment-related adverse events, most commonly peripheral sensory neuropathy. There was one death deemed to be treatment-related by the investigator attributed to multiple organ dysfunction syndrome.

Positive initial data from the EV-103 trial support a recently initiated global, registrational phase 3 trial, called EV-302, in frontline metastatic urothelial cancer that is being conducted under a clinical collaboration agreement between us, Astellas and Merck. Under the terms of the agreement, the three companies are jointly funding EV-302. The trial was initiated in January 2020 and is being led by Seattle Genetics. EV-302 is an open-label, randomized phase 3 clinical trial evaluating the combination of PADCEV and pembrolizumab with or without chemotherapy versus chemotherapy alone in patients with previously untreated locally advanced or metastatic urothelial cancer. The trial is expected to enroll 1,095 patients and the dual primary endpoints are PFS and OS.

We and Astellas have also initiated a phase 2 clinical trial, EV-202, to evaluate PADCEV monotherapy in solid tumors that have high-level of Nectin-4 expression that include non-small cell lung, head and neck, gastric/esophageal and breast cancers.

Tucatinib

Tucatinib is an investigational oral, small molecule TKI that is highly selective for HER2, a growth factor receptor overexpressed in many cancers, including breast, colorectal esophageal, gastric, lung and ovarian cancers. Preclinical data indicate that tucatinib is highly selective for HER2 without significant inhibition of epidermal growth factor receptor, or EGFR. Inhibition of EGFR has been associated with significant toxicities, including skin rash and diarrhea. HER2 mediates cell growth, differentiation and survival. Tumors that over-express HER2 are generally more aggressive and historically have been associated with poor overall survival, compared with HER2-negative cancers.

Tucatinib was evaluated in the HER2CLIMB-01 clinical trial which was a multinational randomized (2:1), double-blind, placebo-controlled, active comparator, pivotal clinical trial comparing tucatinib in combination with trastuzumab and capecitabine compared with trastuzumab and capecitabine alone in patients with locally advanced or metastatic HER2-positive breast cancer who were previously treated with trastuzumab, pertuzumab and T-DM1. The primary endpoint was PFS per Response Evaluation Criteria in Solid Tumors, or RECIST, v1.1 as determined by blinded independent central review in the first 480 patients enrolled in the trial. HER2CLIMB-01 enrolled a total of 612 patients to support the analyses of key secondary endpoints, including overall survival as well as PFS in patients with brain metastases at baseline. Forty-seven percent of the patients enrolled in the trial had brain metastases at the time of enrollment.

In October 2019, we announced positive topline results from the HER2CLIMB-01 trial and in December 2019 additional details were presented at the 2019 San Antonio Breast Cancer Symposium and published in the *New England Journal of Medicine*. The trial met the primary endpoint of PFS, demonstrating that the addition of tucatinib was superior to trastuzumab and capecitabine alone, with a 46 percent reduction in the risk of disease progression or death (HR=0.54; 95 percent CI: 0.42, 0.71; p<0.00001). Estimated PFS at one year was 33 percent (95 percent CI: 27, 40) in the tucatinib arm, compared to 12 percent (95 percent CI: 6, 21) in the trastuzumab and capecitabine arm (control arm). Median PFS was 7.8 months (95 percent CI: 7.5, 9.6) in the tucatinib arm, compared to 5.6 months (95 percent CI: 4.2, 7.1) in the control arm.

The trial also met all secondary endpoints at interim analysis. The tucatinib arm demonstrated an improvement in OS, with a 34 percent reduction in the risk of death (HR=0.66; 95 percent CI: 0.50, 0.88; p=0.0048) compared to trastuzumab and capecitabine alone. Estimated OS at two years was 45 percent (95 percent CI: 37, 53) in the tucatinib arm, compared to 27 percent (95 percent CI: 16, 39) in the control arm. Median OS was 21.9 months (95 percent CI: 18.3, 31.0) in the tucatinib arm, compared to 17.4 months (95 percent CI: 13.6, 19.9) in the control arm. For patients with brain metastases at baseline, the tucatinib arm also demonstrated superior PFS, with a 52 percent reduction in the risk of disease progression or death compared to those who received trastuzumab and capecitabine alone (HR=0.48; 95 percent CI: 0.34, 0.69; p<0.00001). The estimated PFS at one year was 25 percent (95 percent CI: 17, 34) with the tucatinib regimen, compared to zero percent in the control arm. Median PFS was 7.6 months (95 percent CI: 6.2, 9.5) in the tucatinib arm, compared to 5.4 months (95 percent CI: 4.1, 5.7) in the control arm. Additionally, the confirmed ORR in the patient population with measurable disease at baseline (511/612) was 40.6 percent (95 percent CI: 35.3, 46.0) in the tucatinib arm, compared with 22.8 percent (95 percent CI: 16.7, 29.8) for trastuzumab and capecitabine alone (p=0.0008).

Tucatinib in combination with trastuzumab and capecitabine was generally well tolerated with a manageable safety profile. The most common adverse events occurring in more than 20 percent of patients in the tucatinib arm vs. the control arm included: diarrhea (80.9 vs. 53.3 percent), palmar-plantar erythrodysaesthesia syndrome (PPE) (63.4 vs. 52.8 percent), nausea (58.4 vs. 43.7 percent), fatigue (45.0 vs. 43.1 percent) and vomiting (35.9 vs. 25.4 percent), which were primarily low grade. Discontinuation of tucatinib and placebo due to adverse events was 5.7 percent in the tucatinib arm and 3.0 percent in the control arm. Greater than or equal to Grade 3 diarrhea was seen in 12.9 percent of the patients in the tucatinib arm vs. 8.6 percent in the control arm. Antidiarrheal prophylaxis was not required per protocol. Antidiarrheals were used in less than half of all cycles where diarrhea was reported. In both treatment arms, when used, the duration of antidiarrheal treatment was short (median of 3 days/cycle). Greater than or equal to Grade 3 aspartate aminotransferase, or AST, was seen in 4.5 percent of the patients in the tucatinib arm vs. 0.5 percent in the control arm, and alanine aminotransferase, or ALT, elevation in 5.4 percent vs. 0.5 percent, respectively. Discontinuations due to liver transaminase elevations were infrequent in both arms (ALT: 1.0 vs. 0.5 percent; AST: 0.7 vs. 0.5 percent).

Based on the HER2CLIMB-01 results, we submitted an NDA to the FDA in December 2019 and in January 2020 submitted a MAA to the EMA. In the U.S., we are participating in the FDA OCE's RTOR pilot program. RTOR allows the FDA to review much of the data earlier, before the applicant formally submits the complete application so that by the time of the submission of the application, the agency’s review team is in a better position to conduct a more efficient review. We are also participating in the Project Orbis initiative of the FDA OCE, which provides a framework for concurrent submission and review of oncology products among international partners. Countries currently included in this initiative are Australia, Canada, Singapore, Switzerland and U.S.

In October 2019, we initiated a phase 3 randomized trial, called HER2CLIMB-02, of tucatinib versus placebo, in combination with T-DM1 for patients with unresectable locally advanced or metastatic HER2-positive breast cancer, including those with brain metastases, who have had prior treatment with a taxane and trastuzumab. HER2CLIMB-02 was initiated based on positive results from a completed phase 1b trial. The trial is designed to enroll approximately 460 patients. The primary endpoint is PFS.

We are also conducting a phase 2 trial, called MOUNTAINEER, evaluating tucatinib in combination with trastuzumab in patients with HER2-positive, RAS wild-type metastatic colorectal cancer after treatment with first- and second-line standard-of-care therapies. Initial results from 23 patients were presented at the ESMO 2019 Congress that demonstrated encouraging antitumor activity with an ORR of 52 percent. The median PFS was 8.1 months and the median OS was 18.7 months. The combination was generally well tolerated. We have expanded enrollment in the trial so it may support potential application for approval. The primary endpoint is confirmed ORR.

Tisotumab Vedotin

Tisotumab vedotin is an ADC composed of a human antibody that binds to tissue factor, or TF, linked to a potent auristatin compound using our proprietary ADC technology. TF is expressed on many solid tumors, including cervical, ovarian, prostate and bladder. We are developing tisotumab vedotin as a potential treatment for solid tumors under our collaboration with Genmab. This collaboration is discussed in more detail under “Corporate Collaborations” in this Item 1.

We and Genmab are conducting a pivotal phase 2 trial, called the innovaTV 204 trial, evaluating single-agent tisotumab vedotin for patients with recurrent and/or metastatic cervical cancer who have relapsed or progressed after standard of care treatment. The trial is intended to support a potential regulatory submission under the FDA’s accelerated approval pathway. In March 2019, we completed enrollment in the innovaTV 204 trial and we anticipate reporting topline data from the trial in the first half of 2020. We are also conducting a phase 2 clinical trial called innovaTV 207 for patients with relapsed, locally advanced or metastatic solid tumors, which is intended to inform future development plans. In addition, we are conducting a phase 2 clinical trial called innovaTV 208 for patients with platinum-resistant ovarian cancer.

Other Pipeline Activities

We are developing ladiratuzumab vedotin, an ADC targeting LIV-1, which is currently being evaluated in phase 1 and phase 2 clinical trials both as monotherapy and in combination with other agents for patients with metastatic breast cancer and select solid tumors with high LIV-1 expression.

We are advancing a pipeline of early-stage clinical candidates as well as multiple preclinical and research-stage programs that employ our proprietary technologies. We advanced several product candidates into clinical development in 2019 and we plan to submit several IND applications to the FDA in 2020.

Our Antibody-Drug Conjugate (ADC) Technology

ADCETRIS, PADCEV and many product candidates in our clinical-stage pipeline utilize our ADC technology. ADCs are monoclonal antibodies that are linked to cytotoxic, or cell-killing, agents. Our ADCs utilize monoclonal antibodies that internalize within target cells after binding to a specified cell-surface receptor. Enzymes present inside the cell catalyze the release of the cytotoxic agent from the monoclonal antibody, which then results in the desired activity, specific killing of the target cell.

A key component of our ADCs are the linkers that attach the cell-killing agent to the monoclonal antibody, which are designed to hold the cytotoxic agent to the monoclonal antibody until it binds to the cell surface receptor on the target cell and then to release the cytotoxic agent upon internalization within the target cell. This targeted delivery of the cell-killing agent is intended to maximize delivery of the cytotoxic agent to targeted cells while minimizing toxicity to normal tissues. Our most advanced ADCs, including ADCETRIS, PADCEV, tisotumab vedotin and ladiratuzumab vedotin, use our proprietary auristatin-based ADC technology. Auristatins are microtubule disrupting agents. In contrast to natural products that are often more difficult to produce and link to antibodies, the cytotoxic drugs used in our ADCs are synthetically produced and easier to scale for manufacturing. This technology is also the basis of our ADC collaborations. We own or hold exclusive or partially-exclusive licenses to multiple issued patents and patent applications covering our ADC technology. We continue to evaluate new linkers, antibody formats and cell-killing agents for use in our ADC programs.

Our Sugar-Engineered Antibody (SEA) Technology

Our proprietary SEA technology is a method to selectively reduce fucose incorporation in monoclonal antibodies as they are produced in cell line-based manufacturing. We believe that this may result in increased effector function and antitumor activity. Our SEA technology is a novel approach to modify the activity of monoclonal antibodies that is complementary to our ADC technology.

A key feature of our SEA technology is that no genetic modification of the antibody-producing cell line is necessary and standard cell culture conditions can be used while maintaining the underlying manufacturing processes, yields and product quality. We believe the SEA approach may be simpler and more cost-effective to implement as compared to existing technologies for enhancing antibody effector function, most of which require development of new cell lines.

SEA-BCMA is a clinical-stage non-fucosylated BCMA-directed antibody developed using SEA technology that is designed to block proliferative tumor cell signaling, mediate antibody dependent cellular phagocytosis and induce enhanced cell lysis through antibody dependent cellular cytotoxicity. The cell surface protein BCMA is expressed on cells of several cancer types, including multiple myeloma and other B-cell malignancies. SEA-BCMA is currently in a phase 1 clinical trial for patients with relapsed or refractory multiple myeloma.

Other Technologies

In addition, we utilize other technologies designed to maximize antitumor activity and reduce toxicity of antibody-based therapies. Genetic engineering enables us to produce antibodies that are optimized for their intended uses. For ADCs, we screen and select antibodies that bind to antigens that are differentially expressed on tumor cells versus vital normal tissues, rapidly internalized within target cells and utilize native or engineered conjugation sites to optimize drug attachment. In some cases, we evaluate the use of our monoclonal antibodies and ADCs in combination with conventional chemotherapy and other anticancer agents, which may result in increased antitumor activity.

Research Programs

In addition to our pipeline of current product candidates and technologies, we have internal research programs directed toward developing new classes of potent anti-tumor agents, new ADC linkers, the identification of novel drug targets and monoclonal antibodies, and by advancing our antibody engineering initiatives.

New Tumor Cell-Killing Agents. We continue to identify and study new agents with anti-tumor mechanisms of action that will provide pipeline diversity and complement the auristatins that we currently use in our ADC technology. We also seek to develop new drugs that are designed to activate the host immune system by targeting key immune stimulatory pathways that can mediate innate or adaptive anti-tumor immune responses.

New Drug Linkers. We are conducting research with the intent to develop new ADC linkers that are designed to provide the appropriate stability in the bloodstream and drug release characteristics to effectively target cancer cells.

Novel Monoclonal Antibodies and Antigen Targets. We are actively engaged in internal efforts to identify and develop monoclonal antibodies, and other therapeutic molecules, to target tumor antigens and important tumor or immune pathways. For ADCs, we focus on drug targets that are highly expressed on the surface of cancer cells that have the appropriate expression, distribution and internalization properties that make them desirable as monoclonal antibody or ADC targets. We may then create and screen panels of cancer-reactive monoclonal antibodies in our laboratories to identify those with the desired specificity and drug delivery properties. Additionally, we identify targets that play key roles in anti-tumor innate or adaptive immune responses and identify antibodies and other therapeutic molecules to stimulate an anti-tumor immune response. We supplement these internal efforts by evaluating opportunities to in-license targets and antibodies from academic groups and other biotechnology and pharmaceutical companies, such as our ongoing collaborations with Astellas and Genmab.

Antibody Engineering. We have substantial internal expertise in antibody engineering including humanization, antibody masking technologies to enhance cancer specific binding, enhancement of immunological function by blocking fucosylation, as well as engineering antibodies to improve drug linkage sites for use with our ADC technology. By modifying the number and type of drug-linkage sites found on our antibodies, we believe that we can improve ADC drug properties and the cost-effectiveness of our manufacturing processes for conjugation of ADCs.

Corporate Collaborations

We enter into collaborations with pharmaceutical and biotechnology companies to advance the development and commercialization of our product candidates and to supplement our internal pipeline. We seek collaborations that will allow us to retain significant future participation in product sales through either profit-sharing or royalties paid on net sales. We also have licensed our technologies to collaborators to be developed with their own antibodies. These collaborations benefit us in many ways, including generating cash flow and revenues that partially offset expenditures on our internal research and development programs, expanding our knowledge base regarding ADCs across multiple targets and antibodies provided by our collaborators and providing us with future pipeline opportunities through co-development or opt-in rights to new product candidates.

Takeda ADCETRIS Collaboration

We have an agreement with Takeda for the global co-development of ADCETRIS and the commercialization of ADCETRIS by Takeda in its territory. We have commercial rights for ADCETRIS in the U.S. and its territories and in Canada. Takeda has commercial rights in the rest of the world. Under the collaboration, we and Takeda can each conduct development activities and equally co-fund the cost of certain mutually agreed development activities. Costs associated with co-development activities are included in research and development expense.

As of December 31, 2019, we had achieved milestone payments totaling $157.5 million related to regulatory and commercial progress by Takeda. As of December 31, 2019, total future potential milestone payments to us under this collaboration could total $77.0 million. Of that amount, up to approximately $7.0 million relates to the achievement of development milestones, and up to $70.0 million relates to the achievement of regulatory milestones. In addition, we recognize royalty revenues, where royalties are based on a percentage of Takeda's net sales of ADCETRIS in its licensed territories, with percentages ranging from the mid-teens to the mid-twenties based on annual net sales tiers, and sales-based milestones. Takeda bears a portion of third-party royalty costs owed on its sales of ADCETRIS, which is included in royalty revenues.

Either party may terminate the collaboration agreement if the other party materially breaches the agreement and such breach remains uncured. Takeda may terminate the collaboration agreement for any reason upon prior written notice to us and we may terminate the collaboration agreement in certain circumstances. The collaboration agreement can also be terminated by mutual written consent of the parties. If neither party terminates the collaboration agreement, then the agreement automatically terminates on the expiration of all payment obligations.

Astellas PADCEV Collaboration

We have a collaboration agreement with Agensys, Inc., which subsequently became an affiliate of Astellas, to jointly research, develop and commercialize ADCs for the treatment of several types of cancer. The collaboration encompasses combinations of our ADC technology with fully-human antibodies developed by Astellas to proprietary cancer targets. Under this collaboration, we and Astellas are co-funding all development costs for PADCEV. We rely on Astellas to supply PADCEV for commercial sales and for our clinical trials, and Astellas oversees the manufacturing supply chain for PADCEV.

In 2018, we and Astellas entered into a joint commercialization agreement to govern the global commercialization of PADCEV:

- In the U.S., we and Astellas jointly promote PADCEV. We record sales of PADCEV in the U.S. and are responsible for all U.S. distribution activities. The companies each bear the costs of their own sales organizations in the U.S., equally share certain other costs associated with commercializing PADCEV in the U.S., and equally share in any profits realized in the U.S.
- Outside the U.S., we have commercialization rights in all countries in North and South America, and Astellas has commercialization rights in the rest of the world, including Europe, Asia, Australia and Africa. The agreement is intended to provide that we and Astellas will effectively equally share in costs incurred and any profits realized in all of these markets. Cost and profit sharing in Canada, the United Kingdom, Germany, France, Spain and Italy will be based on product sales and costs of commercialization. In the remaining markets, the commercializing party will bear costs and will pay the other party a royalty rate applied to net sales of the product based on a rate intended to approximate an equal profit share for both parties.

Astellas or its affiliates are responsible for manufacturing PADCEV for development and commercial use. However, we are responsible for packaging and labeling in countries in which we sell PADCEV. In addition if the parties determine that a second source is required we will be responsible for establishing such second source whether internal or through a third party.

Either party may terminate the collaboration agreement if the other party becomes insolvent or the other party materially breaches the agreement and such breach remains uncured. Subject to certain restrictions, either party may terminate the collaboration agreement for any reason upon prior written notice to the other party. The collaboration agreement can also be terminated by mutual written consent of the parties. If neither party exercises its option to terminate the collaboration agreement, then the agreement will automatically terminate on the later of the expiration of all payment obligations pursuant to the collaboration agreement, or the day upon which we and Astellas cease to develop and commercialize products under the agreement.

Either party may terminate the joint commercialization agreement if the other party becomes insolvent. The joint commercialization agreement expires on a country-by-country basis upon complete cessation of the commercialization, launch and selling of PADCEV in that country.

Either party may also opt out of co-development and profit-sharing under the collaboration agreement in return for receiving milestones and royalties from the continuing party. In addition, either party may opt out of co-development and profit-sharing for PADCEV on a country-by-country basis, in return for receiving royalties pursuant to the collaboration agreement from the continuing party with respect to that country.

Genmab Tisotumab Vedotin Collaboration

We have an agreement with Genmab to develop and commercialize ADCs for the treatment of several types of cancer, under which we previously exercised a co-development option for tisotumab vedotin. We and Genmab will share all future costs and profits for development and commercialization of tisotumab vedotin on an equal basis.

We will be responsible for tisotumab vedotin commercialization activities in the U.S., Canada, and Mexico. Genmab will be responsible for commercialization activities in all other territories. We are currently in discussions with Genmab regarding the detailed terms on which we will work together to commercialize tisotumab vedotin under this agreement.

Either party may terminate the collaboration agreement if the other party becomes insolvent or materially breaches the agreement and such breach remains uncured. In addition, either party may terminate the collaboration agreement if such party’s patent rights subject to the agreement are challenged by the other party or its sublicensees. Either party may also opt out of co-development and profit-sharing under the collaboration agreement in return for receiving milestones and royalties from the continuing party.

ADC License Agreements

We have license agreements for our ADC technology with a number of biotechnology and pharmaceutical companies. Under these agreements, which we have entered into in the ordinary course of business, we have granted research and commercial licenses to use our technology, most often in conjunction with the licensee's technology. In certain agreements, we also have agreed to conduct limited development activities and to provide other materials, supplies, and services to our licensees during a specified term of the agreement. We typically receive upfront cash payments and progress- and sales-dependent milestones for the achievement by our licensees of certain events, and annual maintenance fees and support fees for research and development services and materials provided under the agreements. We also are entitled to receive royalties on net sales of any resulting products incorporating our ADC technology. Our licensees are solely responsible for research, product development, manufacturing and commercialization of any product candidates under these agreements, which includes the achievement of the potential milestones.

In 2019, Genentech received accelerated approval from the FDA for Polivy™ (polatuzumab vedotin-piic), an ADC that uses our technology, to treat patients with relapsed or refractory diffuse large B-cell lymphoma. Under our ADC license agreement with Genentech, the accelerated approval of Polivy triggered a milestone payment to us and we also receive royalties on net sales of Polivy worldwide. In addition, Genentech and GSK have ADCs using our technology in late-stage clinical trials. The product candidates being developed under our other ADC license agreements are at various stages of clinical and preclinical development. Our ability to generate significant future revenues from our ADC license agreements will largely depend on products that incorporate our technologies entering late-stage clinical development, and receiving marketing approval from the FDA and subsequently being commercialized, at which point the milestone payments, royalties or other rights and benefits would become more substantial.

In-license Agreements

We have in-licensed antibodies, targets and enabling technologies from pharmaceutical and biotechnology companies and academic institutions for use in our pipeline programs and ADC technology, including the following:

- Bristol-Myers Squibb License. In 1998, we obtained rights to some of our technologies and product candidates, portions of which are exclusive, through a license agreement with BMS. Through this license, we secured rights to use various targeting technologies. Under the terms of the license agreement, we are required to pay royalties in the low single digits on net sales of products, including ADCETRIS, which incorporate various technologies owned by BMS. The term of the license agreement expires on a country-by-country and product-by-product basis upon the later of the expiration of the last valid claim covering the applicable product within that country or either ten or twelve years depending on the particular patents applicable to the product after the first commercial sale of the applicable product within that country. We and BMS each have the right to terminate the license agreement prior to its expiration for insolvency or material breach, subject to cure and dispute resolution provisions. In addition, the license agreement will terminate automatically in the event that we fail to maintain certain required insurance.
- University of Miami License. In 1999, we entered into an exclusive license agreement with the University of Miami, Florida, covering an anti-CD30 monoclonal antibody that is the basis for the antibody component of ADCETRIS. Under the terms of this license, we made an upfront payment and progress-dependent milestone payments. We are required to pay annual maintenance fees and royalties in the low single digits on net sales of products, including ADCETRIS, incorporating technology licensed from the University of Miami. The term of the license agreement expires ten years after the first commercial sale of ADCETRIS or on August 21, 2021, upon which we will have in perpetuity a fully paid-up, royalty free, nonexclusive, sublicensable license. We and the University of Miami each have the right to terminate the license agreement prior to its expiration for insolvency or material breach, subject to cure provisions.
- Array BioPharma, Inc. We are a party to a license agreement with Array BioPharma, Inc. or Array, which was acquired by Pfizer in July 2019. Pursuant to the license agreement, Array has granted us an exclusive license to develop, manufacture and commercialize tucatinib. We will pay Array a portion of any non-royalty payments received from sublicensing tucatinib rights. Array is also entitled to receive a low double-digit royalty based on net sales of tucatinib by us and a single-digit royalty based on net sales of tucatinib by our sublicensees. The term of the license agreement expires on a country-by-country basis upon the later of the expiration of the last valid claim covering tucatinib within that country or 10 years after the first commercial sale of tucatinib within that country. We and Array each have the right to terminate the license agreement prior to its expiration for insolvency or material breach, subject to cure and dispute resolution provisions.
- Other Licenses. We have other non-exclusive licenses to other technology used in ADCETRIS that require us to pay a low single-digit royalty on net sales of ADCETRIS. Under the terms of in-license agreements related to

our pipeline programs, we would potentially owe development, regulatory, and sales-based milestones, and royalties on net sales of certain approved products.

Patents and Proprietary Technology

Our owned and licensed patents and patent applications are directed to ADCETRIS, PADCEV, our product candidates, monoclonal antibodies, our ADC and SEA technologies and other antibody-based and/or enabling technologies. We commonly seek patent claims directed to compositions of matter, including antibodies, ADCs, and drug-linkers containing highly potent cell-killing agents, as well as methods of using such compositions. When appropriate, we also seek claims to related technologies, such as methods of using certain sugar analogs utilized in our SEA technology. For each of our products and product candidates, we have filed or expect to file multiple patent applications. We maintain patents and prosecute applications worldwide for technologies that we have out-licensed, such as our ADC technology. Similarly, for partnered products and product candidates, such as ADCETRIS, PADCEV and tisotumab vedotin, we seek to work closely with our development partners to coordinate patent efforts, including patent application filings, prosecution, term extension, defense and enforcement. As ADCETRIS, PADCEV and our product candidates advance through research and development, we seek to diligently identify and protect new inventions, such as combination therapies, improvements to methods of manufacturing, and methods of treatment. We also work closely with our scientific personnel to identify and protect new inventions that could eventually add to our development pipeline.

We own or have rights to the following patents relating to our products and our pipeline (in addition to certain patents covering our early-stage product candidates):

- For ADCETRIS and our related ADC technology, we own twelve patents in the United States and Europe that will expire between 2020 and 2031.
- For PADCEV and our related ADC technology, we own, co-own or have licensed rights to twelve patents in the United States and Europe that will expire between 2022 and 2031. Of these patents, we own or co-own ten patents and have licensed rights to two patents.
- For tucatinib, we have licensed rights to eight patents in the United States and Europe that will expire between 2024 and 2033.
- For tisotumab vedotin and our related ADC technology, we own, co-own or have licensed rights to ten patents in the United States and Europe that will expire between 2022 and 2032. Of these patents, we own or co-own five patents and have licensed rights to five patents.
- For ladiratuzumab vedotin and our related ADC technology, we own, co-own or have licensed rights to nine patents in the United States and Europe that will expire between 2020 and 2032. Of these patents, we own or co-own seven patents and have licensed rights to two patents.

The actual protection afforded by a patent, which can vary from country to country, depends on the type of patent, the scope of its coverage as determined by the patent office or courts in the country, and the availability of legal remedies in the country. The list above does not identify all patents that may be related to our products and product candidates. For example, in addition to the listed patents, we have patents on platform technologies (that relate to certain general classes of products or methods), as well as patents that relate to methods of using, manufacturing or administering a product or product candidate, that may confer additional patent protection. We also have pending patent applications that may give rise to new patents related to one or more of these agents.

The information in the above list is based on our current assessment of patents that we own, co-own or control or have licensed. The information is subject to revision, for example, in the event of changes in the law or legal rulings affecting our patents or if we become aware of new information. Significant legal issues remain unresolved as to the extent and scope of available patent protection for biotechnology products and processes in the U.S. and other important markets outside the U.S. We expect that litigation will likely be necessary to determine the term, validity, enforceability, and/or scope of certain of our patents and other proprietary rights. An adverse decision or ruling with respect to one or more of our patents could result in the loss of patent protection for a product and, in turn, the introduction of competitor products or follow-on biologics to the market earlier than anticipated, and could force us to either obtain third-party licenses at a material cost or cease using a technology or commercializing a product.

Patents expire, on a country by country basis, at various times depending on various factors, including the filing date of the corresponding patent application(s), the availability of patent term extension and supplemental protection certificates and requirements for terminal disclaimers. Although we believe our owned and licensed patents and patent applications provide us with a competitive advantage, the patent positions of biotechnology and pharmaceutical companies can be uncertain and involve complex legal and factual questions. We and our corporate collaborators may not be able to develop patentable products or processes or obtain patents from pending patent applications. Even if patent claims are allowed, the claims may not issue. In the event of issuance, the patents may not be sufficient to protect the proprietary technology owned by or licensed to us or our corporate collaborators. Our or our collaborators' current patents, or patents that issue on pending applications, may be challenged, invalidated, infringed or circumvented. In addition, changes to patent laws in the United States or in other countries may limit our ability to defend or enforce our patents, or may apply retroactively to affect the term and/or scope of our patents. Our patents have been and may in the future be challenged by third parties in post-issuance administrative proceedings or in litigation as invalid, not infringed or unenforceable under U.S. or foreign laws, or they may be infringed by third parties. As a result, we are or may be from time to time involved in the defense and enforcement of our patent or other intellectual property rights in a court of law and administrative tribunals, such as in U.S. Patent and Trademark Office inter partes review or reexamination proceedings, foreign opposition proceedings or related legal and administrative proceedings in the United States and elsewhere. The costs of defending our patents or enforcing our proprietary rights in post-issuance administrative proceedings or litigation may be substantial and the outcome can be uncertain. An adverse outcome may allow third parties to use our proprietary technologies without a license from us or our collaborators. Our and our collaborators' patents may also be circumvented, which may allow third parties to use similar technologies without a license from us or our collaborators.

Our commercial success depends significantly on our ability to operate without infringing patents and proprietary rights of third parties. Organizations such as pharmaceutical and biotechnology companies, universities and research institutions may have filed patent applications or may have been granted patents that cover technologies similar to the technologies owned or licensed to us or to our collaborators. In addition, we are monitoring the progress of multiple pending patent applications of other organizations that, if granted, may require us to license or challenge their validity or enforceability in order to continue commercializing ADCETRIS or PADCEV or to commercialize our product candidates. Our challenges to patents of other organizations may not be successful, which may affect our ability to commercialize ADCETRIS, PADCEV or our product candidates. We cannot determine with certainty whether patents or patent applications of other parties may materially affect our or our collaborators' ability to make, use or sell ADCETRIS, PADCEV or any other products or product candidates.

We require our scientific personnel to maintain laboratory notebooks and other research records in accordance with our policies, which are designed to strengthen and support our intellectual property protection. In addition to our patented intellectual property, we also rely on trade secrets and other proprietary information, especially when we do not believe that patent protection is appropriate or can be obtained. Our policy is to require each of our employees, consultants and advisors to execute a proprietary information and inventions assignment agreement before beginning their employment, consulting or advisory relationship with us. These agreements provide that the individual must keep confidential and not disclose to other parties any confidential information developed or learned by the individual during the course of their relationship with us except in limited circumstances. These agreements also provide that we will own all inventions conceived or reduced to practice by the individual in the course of rendering services to us. Our agreements with collaborators require them to have a similar policy and agreements with their employees, consultants and advisors. Our policy and agreements and those of our collaborators may not sufficiently protect our confidential information, or third parties may independently develop equivalent information.

Government Regulation

The FDA and comparable regulatory agencies in state and local jurisdictions and in foreign countries impose substantial requirements upon the clinical development, pre-market approval, manufacture, marketing and distribution of biopharmaceutical products. These agencies and other regulatory agencies regulate research and development activities and the testing, approval, manufacture, quality control, safety, efficacy, labeling, storage, distribution, import, export, recordkeeping, pricing, advertising and promotion of products and product candidates. Failure to comply with applicable FDA or other requirements may result in Warning Letters, civil or criminal penalties, suspension or delays in clinical development, recall or seizure of products, partial or total suspension of production or withdrawal of a product from the market. The development and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for our product candidates will be granted on a timely basis, if at all. We must obtain approval of our product candidates from the FDA before we can begin marketing them in the United States. Similar approvals are also required in other countries.

Product development and approval within this regulatory framework is uncertain, can take many years and requires the expenditure of substantial resources. The necessary steps before a new biopharmaceutical product may be sold in the United States ordinarily include:

- preclinical *in vitro* and *in vivo* tests, some of which must comply with Good Laboratory Practices, or GLP;
- submission to the FDA of an IND which must become effective before clinical trials may commence, and which must be updated periodically as new information is obtained and at least annually with a report on development;
- development of a drug formulation and manufacture of the drug for clinical trials, and commercial sale, if approved;
- completion of adequate and well controlled human clinical trials to establish the safety and efficacy of the product candidate for its intended use;
- submission to the FDA of a BLA or NDA which must be accompanied by a substantial user fee unless the fee is waived;
- FDA pre-approval inspection of manufacturing facilities for current Good Manufacturing Practices, or GMP, compliance and FDA inspection of select clinical trial sites and/or trial sponsors for Good Clinical Practice, or GCP, compliance; and
- FDA review and approval of the BLA or NDA, which includes the product prescribing information, prior to any commercial sale.

The results of preclinical tests (which include laboratory evaluation as well as preclinical GLP studies to evaluate toxicity) for a particular product candidate, together with related manufacturing information and analytical data, and a clinical protocol are submitted as part of an IND to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30 day time period, raises concerns or questions about the conduct of the clinical trial, including concerns that human research subjects will be exposed to unreasonable health risks. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. New clinical trial protocols can be submitted to the existing IND during product development. Further, an independent institutional review board, or IRB, for each medical center proposing to conduct the clinical trial must review and approve the plan for any clinical trial before it commences at that center and it must monitor the study until completed. The FDA, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Clinical testing also must satisfy extensive GCP regulations and regulations for informed consent and privacy of individually-identifiable information.

Clinical trials generally are conducted in three sequential phases that may overlap or in some instances, be skipped. In phase 1, the initial introduction of the product into humans, the product candidate is tested to assess safety, metabolism, pharmacokinetics and pharmacological actions associated with increasing doses. Phase 2 usually involves trials in a limited patient population to evaluate the efficacy of the potential product for specific, targeted indications, determine dosage tolerance and optimum dosage and further identify possible adverse reactions and safety risks. Phase 3 and pivotal trials are undertaken to evaluate further clinical efficacy and safety often in comparison to standard therapies within a broader patient population, generally at geographically dispersed clinical sites. Phase 4, or post-marketing, trials may be required as a condition of commercial approval by the FDA and may also be voluntarily initiated by us or our collaborators. Phase 1, phase 2 or phase 3 testing may not be completed successfully within any specific period of time, if at all, with respect to any of our product candidates. Similarly, suggestions of safety, tolerability or efficacy in earlier stage trials do not necessarily predict findings of safety and efficacy in subsequent trials. Furthermore, the FDA, an IRB or we may suspend a clinical trial

at any time for various reasons, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Clinical trials are subject to central registration and results reporting requirements, such as on www.clinicaltrials.gov.

The results of preclinical studies, pharmaceutical development and clinical trials, together with information on a product's chemistry, manufacturing, and controls, are submitted to the FDA, in the form of a BLA or NDA, for approval of the manufacture, marketing and commercial shipment of the pharmaceutical product. Data from clinical trials are not always conclusive and the FDA and other regulatory agencies may interpret data differently than we or our collaborators interpret data. The FDA may also convene an Advisory Committee of external advisors to answer questions regarding the approvability and labeling of an application. The FDA is not obligated to follow the Advisory Committee's recommendation. The submission of a BLA or NDA is required to be accompanied by a substantial user fee, with few exceptions or waivers. The user fee is administered under the Prescription Drug User Fee Act, or PDUFA, which sets goals for the timeliness of the FDA's review. A standard review period is twelve months from submission of an original application, while priority review is eight months from submission of an original application. The testing and approval process is likely to require substantial time, effort and resources, and there can be no assurance that any approval will be granted on a timely basis, if at all. The FDA may deny review of an application by refusing to file the application or not approve an application by issuance of a complete response letter if applicable regulatory criteria are not satisfied, require additional testing or information, or require post-market testing and surveillance to monitor the safety or efficacy of the product. Approval may occur with significant Risk Evaluation and Mitigation Strategies, or REMS, that limit the clinical use in the prescribing information, distribution or promotion of a product. Drug or biologic products studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval from the FDA upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. In addition, the FDA requires, as a condition for accelerated approval, pre-approval of promotional materials. Once an approval is issued, the FDA may require safety-related labeling changes or withdraw product approval if ongoing regulatory requirements are not met or if safety problems occur after the product reaches the market. In addition, the FDA may require further testing of an approved product, including phase 4 clinical trials, and surveillance programs to monitor the safety of the approved product, and the FDA has the power to prevent or limit further marketing of the approved product based on the results of these post-marketing programs or other information. Products manufactured or distributed pursuant to FDA approvals are subject to continuing regulation by the FDA, including manufacture, labeling, distribution, advertising, promotion, recordkeeping, annual product quality review and reporting requirements. Adverse event experience with the product must be reported to the FDA in a timely fashion and pharmacovigilance programs to proactively look for these adverse events are mandated by the FDA. Manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with ongoing regulatory requirements, including cGMPs, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Following such inspections, the FDA may issue notices on Form FDA 483 and Warning Letters that could cause us to modify certain activities. A Form FDA 483 notice, if issued at the conclusion of an FDA inspection, can list conditions the FDA investigators believe may have violated cGMP or other FDA regulations or guidance. Failure to adequately and promptly correct the observations(s) can result in further regulatory enforcement action. In addition to Form FDA 483 notices and Warning Letters, failure to comply with the statutory and regulatory requirements can subject a manufacturer to possible legal or regulatory action, such as suspension of manufacturing, seizure of product, injunctive action or possible civil penalties. We cannot be certain that we or our present or future third-party manufacturers or suppliers will be able to comply with the cGMP regulations and other ongoing FDA regulatory requirements. If we or our present or future third-party manufacturers or suppliers are not able to comply with these requirements, the FDA may halt our clinical trials, not approve our products, require us to recall a product from distribution or withdraw approval of the BLA or NDA for that product. Failure to comply with ongoing regulatory obligations can result in delay of approval or Warning Letters, product seizures, criminal penalties, and withdrawal of approved products, among other enforcement remedies.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. These regulations include standards and restrictions for direct-to-consumer advertising, industry-sponsored scientific and educational activities, promotional activities involving the internet, and off-label promotion. While physicians may prescribe products for off label uses, manufacturers may only promote products for the approved indications and in accordance with the provisions of the approved label. The FDA has very broad enforcement authority under the Federal Food, Drug and Cosmetic Act, and failure to abide by these regulations can result in penalties, including the issuance of a Warning Letter directing entities to correct deviations from FDA standards, and state and federal civil and criminal investigations and prosecutions.

FDA Regulation of Companion Diagnostics

ADCETRIS and certain of our product candidates may rely upon in vitro companion diagnostics for use in selecting the patients that we believe will respond to our therapeutics. If safe and effective use of a therapeutic product depends on an in vitro diagnostic, the FDA generally will require approval or clearance of a reproducible, validated diagnostic test to be used with our therapeutic product at the same time that FDA approves the therapeutic product. The review of these in vitro companion diagnostics in conjunction with the review of our cancer treatments involves coordination of review by FDA's Center for Drug Evaluation and Research and by FDA's Center for Devices and Radiological Health. The FDA's premarket approval, or PMA, process is costly, lengthy, and uncertain. The receipt and timing of PMA approval may have a significant effect on the receipt and timing of any future commercial approvals for ADCETRIS, PADCEV or our product candidates. Human diagnostic products are subject to pervasive and ongoing regulatory obligations, including the submission of medical device reports, adherence to the Quality Systems Regulation, recordkeeping and product labeling, as enforced by the FDA and comparable state authorities.

The FDA's approval of ADCETRIS in the frontline PTCL indication included a post-marketing commitment to develop a clinically validated in-vitro diagnostic device for the selection of patients with CD30-expressing PTCL, not including sALCL, for treatment with ADCETRIS in this indication. We and Takeda have a collaboration with Ventana Medical Systems, Inc., or Ventana, under which Ventana is working to develop, manufacture and commercialize a companion diagnostic test to measure CD30 expression levels in tissue specimens. If Ventana develops an in-vitro diagnostic device that we are able to clinically validate, the FDA or another regulatory authority may revise our label for the frontline PTCL indication or in connection with any future approvals to require the use of the in-vitro test as a companion diagnostic. This may limit our ability to commercialize ADCETRIS in the applicable treatment setting due to potential label requirements, prescriber practices, constraints on availability of the diagnostic, or other factors. If Ventana is unable to successfully develop the CD30 in-vitro diagnostic, or experiences delays in doing so, or we experience delays in clinical validation of the diagnostic, we will likely need to renegotiate the timing or content of our post-marketing commitment regarding the in-vitro diagnostic device with the FDA.

Regulation Outside of the United States

In addition to regulations in the U.S., we and our collaborators are and will be subject to regulations of other countries governing clinical trials, manufacturing, distribution and commercial sales of our products. We must obtain approval by the regulatory authorities of countries outside of the U.S. before we can commence clinical trials in such countries and approval of the regulators of such countries or economic areas before we may market products in those countries or areas. The approval process and requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary greatly from place to place, and the time may be longer or shorter than that required for FDA approval. We hold worldwide rights to develop and commercialize tucatinib, including in Europe. To commercialize tucatinib in Europe, we will need to comply with applicable European regulations.

Clinical Trials Regulation in Europe

In the EU, pursuant to the currently applicable Clinical Trials Directive 2001/20/EC and the Directive 2005/28/EC on GCP, a system for the approval of clinical trials in the EU has been implemented through national legislation of the member states. Under this system, an applicant must obtain approval from the competent national authority of an EU member state in which the clinical trial is to be conducted, or in multiple member states if the clinical trial is to be conducted in a number of member states. Furthermore, the applicant may only start a clinical trial at a specific study site after the independent ethics committee has issued a favorable opinion. The clinical trial application, or CTA, must be accompanied by an investigational medicinal product dossier with supporting information prescribed by Directive 2001/20/EC and Directive 2005/28/EC and corresponding national laws of the member states and further detailed in applicable guidance documents. In April 2014, the EU adopted a new Clinical Trials Regulation (EU) No 536/2014, which is set to replace the current Clinical Trials Directive 2001/20/EC. It is expected that the new Clinical Trials Regulation (EU) No 536/2014 will come into effect sometime after 2020 with a three-year transition period. It will overhaul the current system of approvals for clinical trials in the EU. Specifically, the new regulation, which will be directly applicable in all member states, aims at simplifying and streamlining the approval of clinical trials in the EU. For instance, the new Clinical Trials Regulation provides for a streamlined application procedure via a single entry point and strictly defined deadlines for the assessment of clinical trial applications.

Marketing Authorization Regulation in Europe

In order to be able to market our products outside of the U.S., we must obtain approval from the national competent regulatory authority. The approval requirements and process for each country can vary, and the time required to obtain approval may be longer or shorter than that required for FDA approval in the United States.

In the European Economic Area, which is comprised of the 27 member states of the EU plus the United Kingdom, Norway, Iceland and Liechtenstein, medicinal products can only be commercialized after obtaining a marketing authorization through either of the following procedures: centralized and decentralized. Under the centralized procedure, a single marketing authorization application is submitted to the Committee for Medicinal Products for Human Use, or CHMP, of the European Medicines Agency, or EMA, which then makes a recommendation to the European Commission, or EC. The EC makes the final determination on whether to approve the application. The centralized procedure is compulsory for the approval, among others, of human medicines containing a new active substance to treat cancer. The decentralized procedure provides for mutual recognition of individual national approval decisions and is available for products that are not subject to the centralized procedure. Under the decentralized procedure, an identical dossier is submitted to the competent authorities of each of the member states in which the marketing authorization is sought, one of which is selected by the applicant as the Reference Member State, or RMS. The competent authority of the RMS prepares a draft assessment report, a draft summary of the product characteristics, or SPC, and a draft of the labeling and package leaflet, which are sent to the other member states (referred to as the Member States Concerned) for their approval. If the Member States Concerned raise no objections, based on a potential serious risk to public health, to the assessment, SPC, labeling, or packaging proposed by the RMS, the product is subsequently granted a national marketing authorization in all the member states (i.e., in the RMS and the Member States Concerned).

For the EMA, an application designated as standard review typically lasts approximately twelve to fourteen months depending on the length of time sponsors take to address EMA questions. The accelerated assessment procedure is applicable to marketing authorization applications for medicinal products that are expected to be of major public health interest. For applications that receive accelerated assessment designation and are able to remain on this timeline the review typically lasts approximately seven months depending on the length of time sponsors take to address EMA questions. It is not unusual, however, for applications that receive accelerated assessment designation to revert to standard review, typically because the EMA has determined that the significance of the questions that the company needs to address would be more appropriate under the standard review timelines. At the end of the review period, EMA will issue an opinion either in support of marketing authorization (positive opinion) or recommending refusal of a marketing authorization (negative opinion). In the event of a negative opinion, the company may request a re-examination of the application. The initial marketing authorization granted in the EU is valid for five years. Once renewed, the authorization is usually valid for an unlimited period unless the national competent authority or the EC decides on justified grounds to proceed with one additional five-year renewal. The renewal of a marketing authorization is subject to a re-evaluation of the risk-benefit balance of the product by the national competent authorities or the EMA.

Manufacturing Regulation in Europe

Various requirements apply to the manufacturing and placing on the EU market of medicinal products. The manufacturing of medicinal products in the EU requires a manufacturing authorization, and the manufacturing authorization holder must comply with various requirements set out in the applicable EU laws, regulations and guidance. These requirements include compliance with EU cGMP standards when manufacturing medicinal products and active pharmaceutical ingredients, or APIs, including the manufacture of APIs outside of the EU with the intention to import the APIs into the EU. Similarly, the distribution of medicinal products into and within the EU is subject to compliance with the applicable EU laws, regulations and guidelines, including the requirement to hold appropriate authorizations for distribution granted by the competent authorities of the EU member states. Marketing authorization holders may be subject to civil, criminal or administrative sanctions, including suspension of manufacturing authorization, in case of non-compliance with the EU or EU member states' requirements applicable to the manufacturing of medicinal products.

Post-approval Regulation in Europe

In connection with potential regulatory approvals outside of the U.S., we expect to be subject to a variety of post-authorization regulations, including with respect to clinical studies, product manufacturing, advertising and promotion, distribution, and safety reporting.

The holder of an EU marketing authorization for a medicinal product must also comply with the EU's pharmacovigilance legislation, which includes requirements for conducting pharmacovigilance, or the assessment and monitoring of the safety of medicinal products. The EMA reviews periodic safety update reports submitted by marketing authorization holders. If the EMA has concerns that the risk benefit profile of a product has changed, it can adopt an opinion advising that the existing marketing authorization for the product be amended. The agency can also require that the marketing authorization holder conducts post-authorization safety studies. Non-compliance with such obligations can lead to the variation, suspension or withdrawal of marketing authorization or imposition of financial penalties or other enforcement measures.

Healthcare Regulation

Federal and state healthcare laws and regulations, including fraud and abuse and health information privacy and security laws and regulations, may also be applicable to our business. If we fail to comply with those laws, we could face substantial penalties and our business, results of operations, financial condition and prospects could be adversely affected. The healthcare laws and regulations that may affect our operations include, without limitation, anti-kickback and false claims laws, data privacy and security laws, as well as transparency laws regarding payments or other items of value provided to healthcare providers.

The federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, purchasing, leasing, ordering, or arranging for or recommending the purchase, lease, or order of any good, facility, item, or service reimbursable, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. The term "remuneration" has been broadly interpreted to include anything of value. Although there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all its facts and circumstances. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the Anti-Kickback Statute has been violated. Additionally, the intent standard under the Anti-Kickback Statute was amended by the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, collectively PPACA, to a stricter standard such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, PPACA codified case law that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act.

The federal civil and criminal false claims laws, including the federal civil False Claims Act, prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment to or approval by the federal government, including the Medicare, and Medicaid programs, or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim or to avoid, decrease, or conceal an obligation to pay money to the federal government.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created additional federal criminal statutes that prohibit, among other actions, knowingly and willfully executing or attempting to execute a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items, or services. Like the Anti-Kickback Statute, PPACA amended the intent standard for certain healthcare fraud under HIPAA such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

The civil monetary penalties statute imposes penalties against any person or entity that, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, imposes certain requirements on certain types of individuals and entities relating to the privacy and security of individually identifiable health information. Among other things, HITECH makes HIPAA's security standards directly applicable to business associates, independent contractors or agents of covered entities that receive or obtain protected health information in connection with providing a service for or on behalf of a covered entity. HITECH also created four new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions.

The federal Physician Payments Sunshine Act, created under PPACA and its implementing regulations, requires certain manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program to annually report information related to certain payments or other transfers of value provided to physicians, as defined by such law, and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, the physicians and teaching hospitals, and to report annually certain ownership and investment interests held by physicians and their immediate family members. Failure to submit timely, accurately and completely the required information for all payments, transfers of value and ownership or investment interests may result in civil monetary penalties of up to an aggregate of $150,000 per year and up to an aggregate of $1 million per year for "knowing failures." Covered manufacturers are required to submit reports on aggregate payment data to the Secretary of the U.S. Department of Health and Human Services on an annual basis.

Many states have similar statutes or regulations to the above federal laws and regulations that may be broader in scope than the aforementioned federal versions and apply regardless of payor, and many of which differ from each other in significant ways and may not have the same effect, further complicating compliance efforts. Additionally, our business operations in foreign countries and jurisdictions, including Canada and the European Union, may subject us to additional regulation.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under such laws, it is possible that some of our business activities could be subject to challenge under one or more of such laws. If our operations are found to be in violation of any of the health regulatory laws described above or any other laws that apply to us, we may be subject to penalties, including potentially significant criminal and civil and/or administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government healthcare programs, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

In the EU, the advertising and promotion of medicinal products are subject to EU member states' laws governing promotion of medicinal products, interactions with physicians, misleading and comparative advertising and unfair commercial practices. In addition, other legislation adopted by individual EU member states may apply to the advertising and promotion of medicinal products. Violations of the rules governing the promotion of medicinal products in the EU could be penalized by administrative measures, fines and imprisonment. These laws may further limit or restrict the advertising and promotion of our future products to the general public and may also impose limitations on promotional activities with health care professionals. There are data privacy and security laws, to which we are currently and/or may in the future, be subject. For example, European Union, or EU, member states and other foreign jurisdictions, including Switzerland, have adopted data protection laws and regulations which impose significant compliance obligations. Moreover, effective May 25, 2018, the collection and use of personal health data in the EU is governed by the provisions of the EU General Data Protection Regulation, or the GDPR. The GDPR, which is wide-ranging in scope, imposes several requirements relating to the control over personal data by individuals to whom the personal data relates, the information provided to the individuals, the documentation we must maintain, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of personal data. The GDPR also imposes strict rules on the transfer of personal data out of the EU, provides an enforcement authority and authorizes the imposition of large penalties for noncompliance, including the potential for fines of up to €20 million or 4% of the annual global revenues of the non-compliant company, whichever is greater. The GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information.

Coverage and Reimbursement

Sales of ADCETRIS, PADCEV and any future products depend, in significant part, on the extent to which the costs of our products will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. Patients who are prescribed treatment for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients and providers are unlikely to use our products unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our products. Pharmaceutical products are typically reimbursed based on FDA labeled indications, recognized compendia listings, available medical literature, evidence of favorable clinical outcomes, determination of medical necessity and cost effectiveness.

Additionally, a third-party payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. Decisions regarding the extent of coverage and amount of reimbursement to be provided for each of our product candidates is individual to each insurer, can vary based on provider contract, and will be affected by state and federal laws providing for reimbursement formulas based on acquisition cost. Third-party payors continue to work diligently to control their spending on prescription drugs and medical service. The containment of healthcare costs has become a priority of the U.S. government and abroad, and the prices of drugs have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our net sales and negatively impact our operating results. Payors, commercial and public in the U.S. and abroad, must review the therapeutics value of our products before extending coverage under their plans to reimburse our products. If third-party payors do not find a product to be of therapeutic value, they may not cover it or, if they do, the level of payment may not be sufficient to allow us to sell our products on a profitable basis.

Many of the patients in the U.S. who seek treatment with ADCETRIS or PADCEV may be eligible for Medicare or Medicaid benefits. The Medicare and Medicaid programs are administered by the Centers for Medicare and Medicaid Services, or CMS, and coverage and reimbursement for products and services under these programs are subject to changes in CMS regulations and interpretive policy determinations, in addition to statutory changes made by Congress. For example, PPACA increased the mandated Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price, or AMP, to 23.1% of AMP, expanded the rebate to Medicaid managed care utilization and increased the types of entities eligible for the federal 340B drug discount program. In January 2017, the White House Office of Management and Budget withdrew the draft August 2015 Omnibus Guidance document that was issued by the Department of Health and Human Services Health Resources and Services Administration, or HRSA, that addressed a broad range of topics including, among other items, the definition of a patient's eligibility for 340B drug pricing. Federal budget decisions have and may result in reduced Medicare payment rates. Federal budget decisions have and may result in reduced Medicare payment rates. In addition, as a condition of federal funds being made available to cover our products under Medicaid, we are required to participate in the Medicaid drug rebate program. The rebate amount under this program varies by quarter, and is based on pricing data we report to CMS. In addition, because we participate in the Medicaid drug rebate program, we must make ADCETRIS and PADCEV available to authorized users of the Federal Supply Schedule of the General Services Administration. This requires compliance with additional laws and requirements, including offering ADCETRIS and PADCEV at a reduced price to federal agencies including the United States Department of Veterans Affairs and United States Department of Defense, the Public Health Service and the Indian Health Service. We are also required to offer discounted pricing to certain eligible not for profit entities that are eligible for 340B pricing under the Public Health Services Act. Participation in these programs requires submission of pricing data and calculation of discounts and rebates pursuant to complex statutory formulas, as well as the entry into government procurement contracts governed by the Federal Acquisition Regulations and the guidance governing such calculations is not always clear. Compliance with such requirements can require significant investment in personnel, systems and resources, but failure to properly calculate our prices, or offer required discounts or rebates could subject us to substantial criminal, civil and/or administrative penalties, as well as, administrative burdens and exclusion from or contract termination regarding these programs. The terms of these government programs could change in the future which may increase the discounts or rebates we are required to offer, possibly reducing the revenue derived from sales of ADCETRIS and PADCEV to these entities.

The requirements governing drug pricing vary widely from country to country. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. The European Union has adopted directives and other legislation governing labeling, advertising, distribution, supply, pharmacovigilance and marketing of pharmaceutical products. Such legislation provides mandatory standards throughout the EU and permits member states to supplement these standards with additional regulations. European governments also regulate pharmaceutical product prices through their control of national health care systems that fund a large part of the cost of such products to consumers. As a result, patients are unlikely to use a pharmaceutical product that is not reimbursed by the government. In many European countries, the government either regulates the pricing of a new product at launch or subsequent to launch through direct price controls or reference pricing. In recent years, many countries have also imposed new or additional cost containment measures on pharmaceutical products. Differences between national price regimes create price differentials within the EU that can lead to parallel trade in pharmaceutical products.

Health Technology Assessment, or HTA, of medicinal products is becoming an increasingly common part of the pricing and reimbursement procedures in some EU member states, including countries representing major markets. The HTA process, which is governed by the national laws of these countries, is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. HTA generally focuses on the clinical efficacy and effectiveness, safety, cost and cost-effectiveness of individual medicinal products, as well as their potential implications for the healthcare system. Those elements of medicinal products are compared with other treatment options available on the market. The outcome of HTA regarding specific medicinal products will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities of individual EU member states. Pursuant to Directive 2011/24/EU, a voluntary network of national authorities or bodies responsible for HTA in the individual EU member states was established. The EU member states were required to implement the provisions of the Directive into their national legislation by October 2013. The purpose of the network is to facilitate and support the exchange of scientific information concerning HTAs. This could lead to harmonization between EU member states of the criteria taken into account in the conduct of HTA and their impact on pricing and reimbursement decisions.

Healthcare Reform

PPACA substantially changed the way healthcare is financed by both governmental and private insurers and significantly affects the pharmaceutical industry. PPACA aims to, among other things, expand coverage for the uninsured while at the same time containing overall healthcare costs. With regard to biopharmaceutical products, PPACA has, among other things, expanded and increased industry rebates for products covered under Medicaid programs and changed the coverage requirements under the Medicare Part D program.

Many provisions of PPACA impact the biopharmaceutical industry, including that in order for a biopharmaceutical product to receive federal reimbursement under the Medicare Part B and Medicaid programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the drug pricing program under the Public Health Services Act, or PHS. The required PHS discount on a given product is calculated based on the Average Manufacturers Price, or AMP, and Medicaid rebate amounts reported by the manufacturer. PPACA expanded the types of entities eligible to receive discounted PHS pricing, although, under the current state of the law, with the exception of children's hospitals, these newly eligible entities will not be eligible to receive discounted PHS pricing on orphan drugs when used for the orphan indication. In addition, as PHS drug pricing is determined based on AMP and Medicaid rebate data, revisions, including the AMP rule, to the Medicaid rebate formula and AMP definition described above could cause the required PHS discount to increase.

There remain judicial and Congressional challenges to certain aspects of PPACA. In January 2017, Congress voted to adopt a budget resolution for fiscal year 2017, or the Budget Resolution, that authorizes the implementation of legislation that would repeal portions of PPACA. The Budget Resolution is not a law; however, it was widely viewed as the first step toward the passage of legislation that would repeal certain aspects of PPACA. Further, on January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under PPACA to waive, defer, grant exemptions from, or delay the implementation of any provision of PPACA that would impose a fiscal or regulatory burden on states, individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. While Congress has not passed repeal or replace legislation, the tax reform legislation signed into law on December 22, 2017 included a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." Based on the repeal of the individual mandate, in December 2018, a federal district court in Texas ruled that the PPACA is unconstitutional. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the district court ruling that the individual mandate was unconstitutional and remanded the case back to the district court to determine whether the remaining provisions of PPACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace PPACA will impact PPACA and our business.

In addition, other legislative changes have been proposed and adopted since PPACA was enacted. The Budget Control Act of 2011, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This includes reductions to Medicare payments to providers, which went into effect in April 2013 and, following passage of the Bipartisan Budget Act of 2015, will remain in effect through 2029 unless additional congressional action is taken. The American Taxpayer Relief Act of 2012, among other things, reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

Further, the Drug Supply Chain Security Act imposes on manufacturers of certain pharmaceutical products new obligations related to product tracking and tracing, among others. This legislation also requires covered manufacturers to provide certain information regarding the drug product to individuals and entities to which product ownership is transferred, label drug product with a product identifier, and keep certain records regarding the drug product. Additionally, the Drug Supply Chain Security Act included provisions requiring that the transfer of information to subsequent product owners by manufacturers be done electronically. The Drug Supply Chain Security Act also requires covered manufacturers to verify that purchasers of the manufacturers' products are appropriately licensed. Further, under this legislation, covered manufacturers have drug product investigation, quarantine, disposition, and notification responsibilities related to counterfeit, diverted, stolen, and intentionally adulterated products, as well as products that are the subject of fraudulent transactions or which are otherwise unfit for distribution such that they would be reasonably likely to result in serious health consequences or death.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed bills designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. At the federal level, the Trump administration's budget proposal for fiscal year 2020 contained further drug price control measures that could be enacted during the budget process or in other future legislation such as measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Further, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out of pocket costs of drug products paid by consumers. The Department of Health and Human Services, or HHS, has solicited feedback on some of these measures and has implemented others under its existing authority. For example, on October 30, 2018, CMS issued an advance notice of proposed rulemaking with respect to the potential adaption of an international pricing index model that would be designed to reduce Medicare expenditures on certain Part B drugs to rates that are more closely aligned with the costs of such drugs in select comparator countries. In addition, in May 2019, CMS issued a final rule to allow Medicare Advantage plans the option to use step therapy for Part B drugs beginning January 1, 2020. This final rule codified CMS's policy change that was effective January 1, 2019. While some of these and other measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. We cannot predict what healthcare reform initiatives may be adopted in the future. However, we anticipate that Congress, state legislatures, and third-party payors may continue to review and assess alternative healthcare delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the healthcare delivery system. We also expect ongoing legislative and regulatory initiatives to increase pressure on drug pricing. We cannot assure you as to the ultimate content, timing, or effect of changes, nor is it possible at this time to estimate the impact of any such potential legislation; however, such changes or the ultimate impact of changes could negatively affect our revenue or sales of our products or any future approved products.

Competition

The biotechnology and biopharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. Many third parties compete with us in developing various approaches to treating cancer. They include pharmaceutical companies, biotechnology companies, academic institutions and other research organizations.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approval and marketing than we do. In addition, many of these competitors are active in seeking patent protection and licensing arrangements in anticipation of collecting royalties for use of technology that they have developed. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, as well as in acquiring technologies complementary to our programs.

With respect to ADCETRIS, there are several other FDA approved drugs for its approved indications. BMS's nivolumab (Opdivo®) and Merck's pembrolizumab (Keytruda®) are approved for the treatment of certain patients with relapsed or refractory classical Hodgkin lymphoma, and Celgene's romidepsin (Istodax®) and Spectrum Pharmaceuticals' pralatrexate (Folotyn®) and belinostat (Beleodaq®) are approved for relapsed or refractory sALCL among other T-cell lymphomas. Kyowa Kirin's mogamulizumab (Poteligeo®) is approved for adult patients with relapsed or refractory mycosis fungoides or Sézary syndrome. The competition ADCETRIS faces from these and other therapies is intensifying. Additionally, Merck is conducting a phase 3 clinical trial in relapsed or refractory classical Hodgkin lymphoma comparing pembrolizumab with ADCETRIS. If this clinical trial demonstrates that pembrolizumab is more effective than ADCETRIS in that treatment setting, our sales of ADCETRIS would be negatively impacted. We are also aware of multiple investigational agents that are currently being studied, including Pfizer's avelumab, which, if successful, may compete with ADCETRIS in the future. Data have also been presented on several developing technologies, including bispecific antibodies and CAR modified T-cell therapies that may compete with ADCETRIS in the future. Further, there are many competing approaches used in the treatment of patients in ADCETRIS' approved indications, including auto-HSCT, allogeneic hematopoietic stem cell transplant, combination chemotherapy, clinical trials with experimental agents and single-agent regimens.

With respect to PADCEV, other treatments in pre-treated metastatic urothelial cancer include checkpoint inhibitor monotherapy, generic chemotherapy and, for patients with select fibroblast growth factor receptor genetic alterations, Janssen's erdafitinib (Balversa®). There are other investigational agents that, if approved, could be competitive with PADCEV, such as Immunomedics' sacituzumab govitecan. Treatment in front line metastatic urothelial cancer has traditionally been treated with chemotherapy alone but is evolving to include two recently approved checkpoint inhibitor therapies for cisplatin-ineligible patients with high PD-L1 expression or patients who are ineligible for platinum therapy. Several trials of investigational agents in combination with chemotherapy or other novel agents expected to report data in the near term.

With respect to tucatinib, there are multiple marketed products which target HER2, including the antibodies trastuzumab (Herceptin®) and pertuzumab (Perjeta®) and the antibody drug conjugate T-DM1 (Kadcyla®). In addition, lapatinib (Tykerb®) is an EGFR/HER2 oral kinase inhibitor for the treatment of metastatic breast cancer, and neratinib (Nerlynx®) is an irreversible pan-HER kinase inhibitor indicated for extended adjuvant use that is also being studied in a phase 3 trial in pre-treated HER2-positive metastatic breast cancer, for which positive data were reported in 2019. Daiichi Sankyo and AstraZeneca have fam-trastuzumab deruxtecan-nxki (Enhertu®) that was recently approved for patients who have received two or more prior anti-HER2-based regimens in the metastatic setting. Synthon has an antibody drug conjugate in a pivotal study in this patient population and MacroGenics has a HER2 targeted, Fc-optimized antibody, margetuximab, also in a pivotal study for which positive data were reported and a BLA was submitted in late 2019.

With respect to tisotumab vedotin, in June 2018, Merck's pembrolizumab was approved for the treatment of recurrent or metastatic cervical cancer with disease progression on or after chemotherapy in patients whose tumors express PD-L1. We are also aware of other companies that currently have products in development for the treatment of late-stage cervical cancer which could be competitive with tisotumab vedotin, including Agenus, BMS, Iovance Biotherapeutics, Merck, Regeneron Pharmaceuticals, and Roche.

Many other pharmaceutical and biotechnology companies are developing and/or marketing therapies for the same types of cancer that our product candidates are designed and being developed to treat. For example, we believe that companies including AbbVie, ADC Therapeutics, Affimed, Agios, Amgen, Astellas, Bayer, Biogen, BMS, Celgene, Daiichi Sankyo, Eisai, Genentech, GSK, Gilead, ImmunoGen, Immunomedics, Infinity, Janssen, Karyopharm, MacroGenics, MedImmune, MEI Pharma, Merck, Novartis, Pfizer, Puma Biotech, Sanofi-Aventis, Spectrum Pharmaceuticals, Takeda, Teva, and Xencor are developing and/or marketing products or technologies that may compete with ours. In addition, our ADC collaborators may develop compounds utilizing our technology that may compete with product candidates that we are developing.

We are aware of other companies that have technologies that may be competitive with ours, including AbbVie, ADC Therapeutics, Astellas, AstraZeneca, BMS, Daiichi Sankyo, ImmunoGen, Immunomedics, MedImmune, Mersana, Pfizer and Roche, all of which have ADC technology. ImmunoGen has several ADCs in development that may compete with our product candidates. ImmunoGen has also established partnerships with other pharmaceutical and biotechnology companies to allow those other companies to utilize ImmunoGen's technology, including Sanofi-Aventis, Genentech, Novartis, Takeda and Lilly. We are also aware of a number of companies developing monoclonal antibodies directed at the same antigen targets or for the treatment of the same diseases as our product candidates.

In addition, in the United States, the Biologics Price Competition and Innovation Act of 2009 created an abbreviated approval pathway for biological products that are demonstrated to be "highly similar" or "biosimilar" to or "interchangeable" with an FDA approved biological product. This pathway allows competitors to reference the FDA's prior approvals regarding innovative biological products and data submitted with a BLA to obtain approval of a biosimilar application twelve years after the time of approval of the innovative biological product. The twelve-year exclusivity period runs from the initial approval of the innovator product and not from approval of a new indication. In addition, the twelve-year exclusivity period does not prevent another company from independently developing a product that is highly similar to the innovative product, generating all the data necessary for a full BLA and seeking approval. Exclusivity only assures that another company cannot rely on the FDA's prior approvals in approving a BLA for an innovator's biological product to support the biosimilar product's approval. Further, under the FDA's current interpretation, it is possible that a biosimilar applicant could obtain approval for one or more of the indications approved for the innovator product by extrapolating clinical data from one indication to support approval for other indications. In the European Union, the European Commission has granted marketing authorizations for biosimilars pursuant to a set of general and product class-specific guidelines. We are aware of many pharmaceutical and biotechnology and other companies that are actively engaged in research and development of biosimilars or interchangeable products.

It is possible that our competitors will succeed in developing technologies that are more effective than ADCETRIS, PADCEV, tucatinib, tisotumab vedotin, or our other product candidates or that would render our technology obsolete or noncompetitive, or will succeed in developing biosimilar, interchangeable or generic products for ADCETRIS, PADCEV, tucatinib, tisotumab vedotin or our other product candidates. We anticipate that we will continue to face increasing competition in the future as new companies enter our market and scientific developments surrounding biosimilars and other cancer therapies continue to accelerate. We cannot predict to what extent the entry of biosimilars or other competing products will impact potential future sales of ADCETRIS, PADCEV, tucatinib, tisotumab vedotin, or our other product candidates.

With respect to our current and potential future product candidates, we believe that our ability to compete effectively and develop products that can be manufactured cost-effectively and marketed successfully will depend on our ability to:

- advance our technology platforms;
- license additional technology;
- complete clinical trials which position our products for regulatory and commercial success;
- maintain a proprietary position in our technologies and products;
- obtain required government and other public and private approvals on a timely basis;
- attract and retain key personnel;
- commercialize effectively;
- obtain reimbursement for our products in approved indications;
- comply with applicable laws, regulations and regulatory requirements and restrictions with respect to the commercialization of our products, including with respect to any changed or increased regulatory restrictions; and
- enter into additional collaborations to advance the development and commercialization of our product candidates.

Manufacturing

ADCETRIS

We rely on contract manufacturing organizations to supply ADCETRIS for our clinical trials and for commercial sale. For the monoclonal antibody used in ADCETRIS, we have contracted with AbbVie for clinical and commercial supplies. For the drug linker used in ADCETRIS, we have contracted with Millipore Sigma, a subsidiary of Merck KGaA, for clinical and commercial supplies. We have multiple contract manufacturers for conjugating the drug linker to the antibody and producing ADCETRIS drug product. In addition, we rely on other third parties to supply the raw materials used to produce ADCETRIS, and to perform additional steps in the manufacturing process, including storage and distribution of ADCETRIS and our product candidates. For the foreseeable future, we expect to continue to rely on contract manufacturers and other third parties to produce, store and distribute sufficient quantities of ADCETRIS for use in our clinical trials and for commercial sale.

AbbVie Biotechnology. In 2004, we entered into a development and supply agreement with AbbVie (formerly a part of Abbott Laboratories) to manufacture developmental, clinical and commercial quantities of anti-CD30 monoclonal antibody, which is a component of ADCETRIS. The agreement generally provides for the supply by AbbVie and the purchase by us of such anti-CD30 monoclonal antibody. Under terms of the supply agreement, we may purchase a portion of our required anti-CD30 monoclonal antibody from a second source third-party supplier. We are required to make a minimum annual purchase. The anti-CD30 monoclonal antibody is purchased by us based upon a rolling forecast. The supply agreement will continue until 2025 with an automatic one-year term extension unless either party provides written termination notice to the other party. Either party has the right to terminate the supply agreement if the other party materially breaches its obligations thereunder.

Millipore Sigma. In 2010, we entered into a commercial supply agreement with Sigma Aldrich Fine Chemicals, or SAFC, which was subsequently acquired by Millipore Sigma, an affiliate of Merck KGaA. Under this agreement, Millipore Sigma manufactures commercial quantities of the drug linker that is a component of ADCETRIS. The agreement generally provides for the supply by Millipore Sigma and the purchase by us of drug linker. Under terms of the supply agreement, we may purchase a portion of our required drug linker from a second source third-party supplier. We are required to make a minimum annual purchase. The drug linker is purchased by us based upon a rolling forecast. The supply agreement will continue until 2029 with automatic term extension unless either party provides written notice of termination to the other party. Either party has the right to terminate the supply agreement if the other party materially breaches its obligations thereunder.

PADCEV

We rely on Astellas to supply PADCEV for commercial sale and for our clinical trials, and Astellas oversees the manufacturing supply chain for PADCEV. For the foreseeable future, we expect to continue to rely on Astellas and other third parties to produce, store and distribute sufficient quantities of PADCEV for commercial sale and for use in our clinical trials. We believe that the existing supplies of PADCEV and Astellas' contract manufacturing relationships will be sufficient to accommodate current commercial and clinical needs. However, we or Astellas may need to obtain additional manufacturing arrangements or increase manufacturing capability to meet potential future commercial needs with respect to PADCEV, which could require additional capital investment by us or cause us potential delays if Astellas encounters challenges in negotiating commercially reasonable arrangements with these manufacturers.

Product Candidates

For the clinical supply of our product candidates, which include ADCs as well as antibodies and small molecules such as tucatinib, we rely on multiple contract manufacturers and other third parties to perform manufacturing services for us. In 2017, we acquired a biologics manufacturing facility located in Bothell, Washington. We use the facility to support our clinical supply needs. However, for the foreseeable future, we expect to continue to rely on contract manufacturers and, in the case of tisotumab vedotin, our collaborators for much of the manufacturing to supply drug product for our clinical trials. With respect to tucatinib, we rely on third-party contract manufacturers to produce drug supply for our clinical trials and our potential future commercial supplies. We have limited prior experience as an organization manufacturing tucatinib and small molecule drug products generally, and have relatively new working relationships with many of the third party manufacturers involved in tucatinib manufacture. We may also need to put in place additional manufacturing arrangements or expand our current manufacturing arrangements with third party manufacturers to meet potential future commercial needs for tucatinib, and while we are currently negotiating those arrangements, we cannot assure you that we can enter into such arrangements on commercially reasonable terms or at all. With respect to tisotumab vedotin, the manufacturing supply chain is overseen by Genmab, and we rely Genmab to supply sufficient supplies of drug product. For tisotumab vedotin, we believe that the existing supplies of drug product and Genmab's contract manufacturing relationships will be sufficient to accommodate ongoing and future clinical trials. However, we or Genmab may need to obtain additional manufacturing arrangements or increase manufacturing capability to meet potential future commercial needs with respect to tisotumab vedotin, which could require additional capital investment by us or cause us potential delays if Genmab encounters challenges in negotiating commercially reasonable arrangements with these manufacturers.

Commercial Operations

We have allocated commercial resources, including sales, marketing, supply chain management and reimbursement capabilities, to commercialize ADCETRIS in the U.S. and Canada, and PADCEV in the U.S. We believe the U.S. market for ADCETRIS and PADCEV in their approved indications, and Canadian market for ADCETRIS in its approved indications, are addressable with a targeted sales and marketing organization, and we intend to continue promoting our products in the U.S. and Canada for these and any additional indications we may obtain in the future. Takeda has commercial rights for ADCETRIS in the rest of the world. We and Takeda have received marketing authorizations by regulatory authorities for ADCETRIS in more than 70 countries worldwide, and Takeda continues to pursue marketing authorizations in multiple other countries.

We sell ADCETRIS and PADCEV through a limited number of specialty distributors. Health care providers order ADCETRIS and PADCEV through these distributors. We receive orders from distributors and generally ship product directly to the health care provider. Three of our major distributors, together with entities under their common control—AmerisourceBergen Corporation, Cardinal Health, Inc., and McKesson Corporation—each accounted for 10% or more of our total revenue in 2019, 2018 and 2017.

Employees

As of December 31, 2019, we had 1,605 employees. Of these employees, 1,011 were engaged in or support research, development and clinical activities, 309 were in administrative and business related positions, and 285 were in sales and marketing. Each of our employees has signed confidentiality and inventions assignment agreements and none are covered by a collective bargaining agreement. We have never experienced employment-related work stoppages and consider our employee relations to be good.

Corporate Information

We were incorporated in Delaware on July 15, 1997. Our principal executive offices are located at 21823 30th Drive SE, Bothell, Washington 98021. Our telephone number is (425) 527-4000, and our website address is www.seattlegenetics.com. Seattle Genetics®, ADCETRIS® and PADCEV™ are our trademarks in the United States. All other trademarks, tradenames and service marks included in this Annual Report on Form 10-K are the property of their respective owners.

We file electronically with the Securities and Exchange Commission, or SEC, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. We make available on our website at www.seattlegenetics.com, free of charge, through a hyperlink on our website, copies of these reports, as soon as reasonably practicable after electronically filing such reports with, or furnishing them to, the SEC. Information found on, or accessible through, our website is not part of, and is not incorporated into, this Annual Report on Form 10-K. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. If any of the events described in the following risk factors occurs, our business, operating results and financial condition could be seriously harmed. This Annual Report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this Annual Report on Form 10-K.

Risks Related to Our Business

Our success depends on our ability to effectively commercialize our products. If we and our collaborators are unable to effectively commercialize our products and to expand their utilization, our ability to generate significant revenue and our prospects for profitability will be adversely affected.

Our two marketed products are ADCETRIS®, or brentuximab vedotin and PADCEV™, or enfortumab vedotin-ejfv, which received accelerated approval in December 2019 by the U.S. Food and Drug Administration, or FDA. Our ability to generate revenue from product sales and our prospects for profitability are substantially dependent on our and our collaborators' ability to effectively commercialize ADCETRIS and PADCEV and expand their utilization. We may not be able to fully realize the commercial potential of our products, or commercial sales of our products may be lower than our projections, for a number of reasons, including:

- we may be unable to effectively commercialize our products, including in any new indications for which we receive marketing approval;
- we may not be able to establish or demonstrate in the medical community the safety, efficacy or value of our products and their potential advantages compared to existing and future therapeutics in their approved indications, including, with respect to ADCETRIS, in the newly diagnosed, previously untreated Stage III and IV classical Hodgkin lymphoma indication, for which the FDA approved ADCETRIS in combination with chemotherapy in March 2018 based on the results of the ECHELON-1 trial, or the frontline Hodgkin lymphoma indication, and the newly diagnosed, previously untreated systemic anaplastic large-cell lymphoma, or sALCL or other CD30-expressing peripheral T-cell lymphomas, or PTCL, including angioimmunoblastic T-cell lymphoma and PTCL not otherwise specified indication, for which the FDA approved ADCETRIS in combination with chemotherapy in November 2018 based on the results of the ECHELON-2 trial, or the frontline PTCL indication;
- we and our collaborators may not be able to obtain and maintain regulatory approvals to market our products for their currently approved indications or for any additional indications in our or our collaborators' respective territories, including any approvals for ADCETRIS in the ECHELON-2 treatment setting outside the U.S. and Canada or for PADCEV outside the U.S., which would limit the sales and commercial potential of the applicable product;
- new competitive therapies in ADCETRIS' approved indications, including immuno-oncology agents such as PD-1 inhibitors (e.g., nivolumab and pembrolizumab) and other novel agents (e.g., mogamulizumab), or in PADCEV's approved indication, including antibody drug conjugates (e.g., sacituzumab govitecan) and other targeted agents (e.g., BALVERSA for patients with select FGFR alterations), have been approved by regulatory authorities or may be submitted in the near term to regulatory authorities for approval, and these competitive products could negatively impact our commercial sales of ADCETRIS or PADCEV, respectively;

- there may be changes to the labels for our products, including the boxed warning in the ADCETRIS label, that further restrict how we market and sell our products, including as a result of data collected from any of the clinical trials that we and our collaborators are conducting or may in the future conduct for ADCETRIS or PADCEV, including the post-approval confirmatory studies that our collaborator, Takeda Pharmaceutical Company Limited, or Takeda, is required to conduct as a condition to the conditional marketing authorization of ADCETRIS granted by the European Commission, or the EC, and the confirmatory post-marketing study that we and our collaborator, Astellas Pharma, Inc., or Astellas, are required to conduct as a condition to the accelerated approval of PADCEV by the FDA, or as a result of investigator-sponsored studies;
- the estimated incidence rate of new patients or the duration of therapy in the approved indications for our products may be lower than our projections;
- there may be adverse results or events reported in any of the clinical trials that we or our collaborators are conducting, or may conduct in the future, for our products;
- we and our collaborators may be unable to continue to effectively market, sell and distribute our products;
- in the case of PADCEV, our joint commercialization efforts in the U.S. with Astellas may be unsuccessful or we may encounter challenges in joint decision making and joint execution that adversely affect PADCEV product sales;
- our products may be impacted by adverse reimbursement and coverage policies from government and private payors such as Medicare, Medicaid, insurance companies, health maintenance organizations and other plan administrators, or may be subject to pricing pressures enacted by industry organizations or state and federal governments, including as a result of increased scrutiny over pharmaceutical pricing or otherwise;
- the relative price of our products may be higher than alternative treatment options, and therefore their reimbursement may be limited by private and governmental insurers;
- physicians may be reluctant to prescribe our products due to side effects associated with their use or until longer term efficacy and safety data exist;
- there may be changed or increased regulatory restrictions;
- we may not have adequate financial or other resources to effectively commercialize our products; and
- we may not be able to obtain adequate commercial supplies of our products to meet demand or at an acceptable cost.

We have an agreement with Takeda to develop and commercialize ADCETRIS, under which we have commercial rights in the United States and its territories and Canada, and Takeda has commercial rights in the rest of the world. We also have agreements with Astellas to develop and commercialize PADCEV, under which we and Astellas jointly promote PADCEV in the U.S., we have commercialization rights in the other countries in North and South America, and Astellas has commercialization rights in the rest of the world. The success of these collaborations and the activities of our collaborators will significantly impact the development and commercialization of our products. We cannot control the amount and timing of resources that our collaborators dedicate to the development and commercialization of ADCETRIS or PADCEV, or to their marketing and distribution. Our ability to generate royalty revenues from ADCETRIS product sales by Takeda depends on Takeda’s ability to obtain regulatory approvals for ADCETRIS in Takeda's territory, and to achieve market acceptance of, and to otherwise effectively market, ADCETRIS for its approved indications in Takeda’s territory. Our ability to generate revenues from PADCEV product sales in the U.S. and in Astellas' territories depends on our and Astellas' ability to effectively jointly commercialize PADCEV in the U.S, and on Astellas' ability to obtain regulatory approvals for, achieve market acceptance of, and otherwise effectively market, PADCEV in Astellas' territories. Moreover, foreign sales could be adversely affected by the imposition of governmental controls, political and economic instability, trade restrictions or barriers and changes in tariffs, including as a result of the United Kingdom’s separation from the European Union, commonly referred to as Brexit, escalating global trade and political tensions, or otherwise.

While ADCETRIS product sales have grown over time, and our future plans assume that sales of ADCETRIS will increase, we expect lower sales growth for ADCETRIS in 2020 as compared to growth in 2019. We cannot assure you that ADCETRIS sales will continue to grow or that we can maintain sales of ADCETRIS at or near current levels. We

expect that our ability to continue to grow our ADCETRIS sales, if at all, will depend primarily on our ability to establish or demonstrate to the medical community the value of ADCETRIS and its potential advantages compared to existing and future therapeutics in its approved indications, including in the frontline Hodgkin lymphoma and PTCL indications, and the extent to which physicians make prescribing decisions with respect to ADCETRIS. Other important factors affecting ADCETRIS sales include the extent to which Takeda obtains further regulatory approvals of ADCETRIS in its territories, the incidence flow of patients eligible for treatment in ADCETRIS' approved indications, the extent to which coverage and adequate levels of reimbursement for ADCETRIS are available from governments and other third-party payors, the impact of any healthcare reform measures that may be adopted in the future, including measures that could potentially result in more rigorous coverage criteria and additional downward pressure on the price that we receive for ADCETRIS, increasing competition from competing therapies and the potential future approval of ADCETRIS in any additional indications. In addition, as a result of these and other factors, our future ADCETRIS product sales can be difficult to accurately predict from period to period.

Our ability to realize the anticipated benefits from our investment in PADCEV is subject to a number of risks and uncertainties, including our and Astellas' ability to successfully jointly launch, market and commercialize PADCEV in the U.S. in its approved indication, the extent to which we and Astellas are able to obtain regulatory approvals of PADCEV in additional indications, including in the frontline metastatic urothelial cancer setting, and in territories outside the U.S., our ability and Astellas' ability to successfully comply with rigorous post-marketing requirements, including the successful completion of the required confirmatory post-marketing study that we and Astellas are subject to as a result of an accelerated approval by the FDA, the acceptance of PADCEV by the medical community and patients, the extent to which physicians make prescribing decisions with respect to PADCEV, the incidence flow of patients eligible for treatment in PADCEV's approved indication, the duration of therapy for patients receiving PADCEV, the extent to which coverage and adequate levels of reimbursement for PADCEV are available from governments and other third-party payors, the impact of any healthcare reform measures that may be adopted in the future, including measures that could potentially result in more rigorous coverage criteria and additional downward pressure on the price that we receive for PADCEV and potential competition from competing therapies. In addition, due to the lack of any historical sales data and these factors, PADCEV sales are currently difficult to predict from period to period.

Our ability to grow our product sales in future periods is also dependent on price increases, and we periodically increase the price of our products. Price increases on our products and negative publicity regarding drug pricing and price increases generally, whether on our products or products distributed by other pharmaceutical companies, could negatively affect market acceptance of, and sales of, our products. In any event, we cannot assure you that price increases we have taken or may take in the future will not in the future negatively affect our product sales.

Our success also depends on our ability to obtain regulatory approvals of our product candidates and of our current products in additional territories, as well as our ability to expand the labeled indications of use for our current products, and, if the requisite approvals are obtained, our ability to successfully launch and commercialize our products in their approved indications. Our inability to do so could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Neither we nor our collaborators are permitted to market our product candidates in the United States or foreign countries until we obtain marketing approvals from the FDA and foreign regulatory authorities, and we or our collaborators may never receive regulatory approval for the commercial sale of any of our product candidates. Likewise, we and our collaborators are required to obtain marketing approvals from the FDA and foreign regulatory authorities in order to market our current products in additional territories and to expand the labeled indications of use for our current products.

We have made and are continuing to make significant investments in a number of product candidates, including tucatinib and tisotumab vedotin, and in seeking additional regulatory approvals for ADCETRIS and PADCEV. However, obtaining marketing approval is a lengthy, expensive and uncertain process, approval is never assured, and we have only limited experience in preparing and submitting the applications necessary to gain regulatory approvals. As an organization, we do not have any prior experience submitting an application to the FDA for a small molecule, such as tucatinib, or applying for regulatory approval in jurisdictions outside the U.S. and Canada. Further, the FDA and other regulatory agencies have substantial discretion in the approval process and determining when or whether regulatory approval will be obtained for our products and product candidates, including any regulatory approvals for the potential commercial sale of tucatinib or of ADCETRIS or PADCEV in additional indications or in additional territories. In this

regard, even if we believe the data collected from preclinical studies or clinical trials of our products and product candidates are promising, the FDA or any foreign regulatory authority or their respective advisors may disagree with our interpretations of this data. For example, we reported positive topline results from the pivotal clinical trial comparing tucatinib added to trastuzumab and capecitabine versus trastuzumab and capecitabine alone in patients with locally advanced or metastatic HER2-positive breast cancer who were previously treated with trastuzumab, pertuzumab and ado-trastuzumab emtansine, or T-DM1, which we refer to as the HER2CLIMB-01 trial. However, regulatory agencies may disagree with our interpretation of the data from the HER2CLIMB-01 trial and may otherwise determine not to accept for filing or approve the applications we submitted for tucatinib, including the New Drug Application, or NDA, we submitted to the FDA in December 2019 under the FDA's Oncology Center of Excellence's, or OCE's, Real Time Oncology Review, or RTOR, pilot program, submissions to other countries participating in the FDA OCE's Project Orbis initiative, and the Marketing Authorization Application, or MAA, we submitted to the European Medicines Agency, or EMA, in January 2020, in a timely manner or at all. Although the FDA granted Breakthrough Therapy designation to tucatinib in combination with trastuzumab and capecitabine, for treatment of patients with locally advanced unresectable or metastatic HER2-positive breast cancer, including patients with brain metastases, who have been treated with trastuzumab, pertuzumab, and ado-trastuzumab emtansine, or T-DM1, and we submitted our tucatinib NDA under the RTOR pilot program, this Breakthrough Therapy designation and RTOR pilot program may not result in a faster review or approval process for tucatinib. Further, they do not increase the likelihood that the tucatinib NDA will be accepted for filing or approved or that tucatinib will otherwise receive any marketing approvals. We also cannot assure you that tucatinib or any of our other product candidates will receive any marketing approvals. In fact, it is possible that none of our product candidates will ever become commercial products. As a result, we may not realize the anticipated benefits of our investments in our product candidates, including, with respect to tucatinib, our acquisition of Cascadian Therapeutics, Inc., or Cascadian, referred to as the Cascadian Acquisition. In addition, failure to obtain regulatory approval of tucatinib in Europe may negatively impact our plans to build a commercial infrastructure in Europe.

Similarly, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of ADCETRIS and PADCEV in any additional indications or territories, or of any future approved product. Regulatory agencies also may approve a product candidate for fewer or narrower indications than requested, or with a label that includes only subtypes of a particular indication rather than a more general disease classification. In addition, our products and product candidates could take a significantly longer time to gain new or initial regulatory approvals than we expect or may never gain new or initial regulatory approvals, which could delay or eliminate any potential product revenue from sales of our product candidates or of ADCETRIS or PADCEV in any additional indications or territories and significantly delay or prevent us from achieving profitability. In this regard, part of our growth strategy is to continue to explore the use of ADCETRIS in different CD30-expressing lymphomas, to seek approval for PADCEV in our territories outside the U.S. and to continue to explore the use of PADCEV in additional indications. However, we and/or our collaborators may be unable to obtain any regulatory approvals for the commercial sale of ADCETRIS or PADCEV in any additional indications or territories in a timely manner or at all. For example, as part of the Prescription Drug User Fee Act, or PDUFA, the FDA has a goal to review and act on a percentage of all regulatory submissions in a given time frame. However, the FDA does not always meet its PDUFA target action dates, and if the FDA were to fail to meet its PDUFA target action date in the future for any of our current or future NDAs or BLAs, the commercialization of the affected product candidate, or of the affected product in any additional indications, could be delayed or impaired.

Even if approved for commercial sale, our ability to realize the anticipated benefits from our investments in our product candidates and our efforts to expand the labeled indications of use and territories for our current products is subject to a number of risks and uncertainties, including our and our collaborators' ability to successfully launch, market and commercialize our products, our reliance, in the case of PADCEV and tisotumab vedotin, on Astellas and Genmab A/S, or Genmab, respectively, to effectively jointly launch and commercialize PADCEV and any potential future approved tisotumab vedotin products with us, our and our collaborators' ability to successfully comply with rigorous post-marketing requirements, including the successful completion of the required confirmatory trial, EV-301, that we and Astellas are required to complete as a result of the accelerated approval of PADCEV by the FDA, the acceptance of our approved products by the medical community and patients, and the extent to which coverage and reimbursement for our products will be available from government and health administration authorities, private health insurers and other third-party payors. For example, although PADCEV was launched in the U.S. in December 2019, our joint launch and commercialization of this product in the U.S. with Astellas is at an early stage and may not be successful. If we are unable to successfully launch and commercialize PADCEV jointly with Astellas in the U.S., our growth prospects and our prospects for profitability would be adversely affected. Likewise, although we have submitted certain applications for regulatory approval for tucatinib outside the U.S., we have no prior experience as an organization launching or commercializing a product outside the U.S. and Canada, which could adversely affect our ability to maximize the commercial potential of any approved tucatinib product. In addition, in many countries, the proposed pricing for a drug must be approved before it may be lawfully marketed, which could delay entry of a product into a market or, if pricing is not approved, may prevent us from selling a product in a country where we have received regulatory approval. The launch of a newly approved product or of an existing product in a new market could be delayed due to a variety of factors, including supply constraints, delays in arranging a commercial infrastructure or delays in negotiating pricing and reimbursement approvals. If we experience delays or unforeseen difficulties due to any of these factors, planned launches in the countries in question would be delayed, which could negatively impact anticipated revenue from tucatinib. In addition, if we are unable to obtain favorable pricing and reimbursement approvals in the countries that represent significant potential markets, our anticipated revenue from and growth prospects for tucatinib in Europe and other regions could be negatively affected.

If we are unable to obtain and maintain necessary or desirable regulatory approvals for our products and product candidates, including for ADCETRIS, PADCEV and tucatinib, in a timely manner, if at all, if the FDA or other regulatory authorities do not approve product labeling that is necessary or desirable for the successful commercialization of an approved product, or if sales of an approved product do not reach the levels we expect, then our anticipated revenue from our products and product candidates and our prospects for profitability would be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Reports of adverse events or safety concerns involving our products or product candidates could delay or prevent us from obtaining or maintaining regulatory approvals or could negatively impact sales of our products or the prospects for our product candidates.

Reports of adverse events or safety concerns involving our products could interrupt, delay or halt clinical trials of our products, including the post-approval confirmatory studies that Takeda is required to conduct as a condition of the marketing authorization of ADCETRIS by the EC and that we and Astellas are required to conduct in connection with the accelerated approval of PADCEV by the FDA in the U.S. In addition, reports of adverse events or safety concerns involving our products could result in regulatory authorities requiring that we update the applicable product's prescribing information, or limiting, denying or withdrawing approval of our products for any or all indications, including previously approved indications. For example, there was an increased incidence of febrile neutropenia and peripheral neuropathy in the ADCETRIS plus doxorubicin, vinblastine and dacarbazine, or AVD, arm of the ECHELON-1 trial. The ADCETRIS prescribing information provides for use of prophylactic growth factors for Stage III or IV classical Hodgkin lymphoma patients receiving ADCETRIS plus AVD to mitigate events of neutropenia and febrile neutropenia, but despite this, these product safety concerns could limit prescribing of ADCETRIS for newly diagnosed patients with previously untreated Stage III and IV classical Hodgkin lymphoma and negatively impact sales of ADCETRIS or adversely affect ADCETRIS' acceptance in the market. There are no assurances that patients receiving ADCETRIS or PADCEV will not experience serious adverse events in the future, whether the serious adverse events are disclosed in the ADCETRIS or PADCEV prescribing information or are newly reported. Further, there are no assurances that patients receiving ADCETRIS or PADCEV with co-morbid diseases not previously studied, such as autoimmune diseases, will not experience new or different serious adverse events in the future.

Adverse events may negatively impact the sales of our products. We may be required to further update the prescribing information for our products, including boxed warnings, limitations of use, contraindications, warnings and precautions, and adverse reactions, based on reports of adverse events or safety concerns, or implement a Risk Evaluation and Mitigation Strategy, or REMS, which could adversely affect the acceptance of our products in the market, make competition easier or make it more difficult or expensive for us to distribute our products. For example, the prescribing information for ADCETRIS has been revised over time to include warnings and precautions for hematologic toxicities, serious infections and opportunistic infections, increased toxicity in the presence of moderate or severe hepatic impairment, increased toxicity in the presence of severe renal impairment, hepatotoxicity, pulmonary toxicity, hyperglycemia and gastrointestinal complications, as well as a boxed warning related to the risk that JC virus infection resulting in progressive multifocal leukoencephalopathy and death can occur in patients receiving ADCETRIS. Further, based on the identification of future adverse events, we may be required to further revise the prescribing information, including ADCETRIS' boxed warning, which could negatively impact sales of ADCETRIS or adversely affect ADCETRIS' acceptance in the market.

Likewise, reports of adverse events or safety concerns involving our product candidates could interrupt, delay or halt clinical trials of our product candidates, or could result in our or our collaborators' inability to obtain regulatory approvals for any of our product candidates. We initiated the pivotal trials of tucatinib and tisotumab vedotin, in each case based on only limited clinical data. Data continues to be generated in these pivotal and other trials. Although we reported positive results from the pivotal HER2CLIMB-01 trial, there may still be important facts about the safety, efficacy, and risk versus benefit of tucatinib and each of our other product candidates that are not known to us at this time which may negatively impact our ability to develop and commercialize these product candidates. In response to prior safety events observed in our clinical trials of PADCEV and tisotumab vedotin, including patient deaths, we have in the past, and may in the future, institute additional precautionary safety measures such as dosing caps and delays, enhanced monitoring for side effects, and modified patient inclusion and exclusion criteria. Additional and/or unexpected safety events could be observed in these or other trials that could delay or prevent us from advancing the clinical development of, or obtaining regulatory approvals for tucatinib or tisotumab vedotin or for PADCEV in any additional indications or territories, and may adversely affect our business, results of operations and prospects.

Concerns regarding the safety of our products or product candidates as a result of undesirable side effects identified during clinical testing or otherwise could cause the FDA to order us to cease further development or commercialization of ADCETRIS, PADCEV or the applicable product candidate. Undesirable side effects caused by our products or product candidates could also result in denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications, the requirement of additional trials or the inclusion of unfavorable information in our product labeling, and in turn delay or prevent us from commercializing ADCETRIS, PADCEV or the applicable product candidate. In addition, actual or potential drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete a trial for our products or product candidates or result in potential product liability claims. Any of these events could prevent us from developing or commercializing ADCETRIS, PADCEV or the particular product candidate, and could significantly harm our business, results of operations and prospects.

Even if we and our collaborators obtain regulatory approvals to market our current and any future approved products, we and our collaborators will remain subject to extensive ongoing regulatory obligations and oversight, including post-approval requirements, that could result in significant additional expense and could negatively impact our and our collaborators' ability to commercialize our current and any future approved products.

We are subject to extensive ongoing obligations and continued regulatory review from applicable regulatory agencies with respect to any product for which we have obtained regulatory approval, including ADCETRIS and PADCEV in each of their approved indications, such as continued adverse event reporting requirements and the requirement to have some of our promotional materials pre-cleared by the FDA. There may also be additional post-marketing obligations, all of which may result in significant expense and limit our and our collaborators' ability to commercialize our current and any future approved products. For example, the FDA's accelerated approval of PADCEV included a requirement for a confirmatory trial, EV-301, to confirm the clinical benefit and provide additional long-term efficacy data that may inform product labeling. Unfavorable results from this post-marketing study or failure to complete this post-marketing study could result in the withdrawal of approval of PADCEV or the inclusion of unfavorable safety information in our product labeling, which could seriously harm our business. Moreover, in connection with PADCEV's accelerated approval, the labeling and advertising and promotion of PADCEV are subject to additional regulatory requirements, which could entail significant expense and could negatively impact the potential commercialization of

PADCEV. In addition, the use of PADCEV may uncover additional adverse events that limit or prevent PADCEV's widespread use or that force us or Astellas to withdraw PADCEV from the market, and any problems with PADCEV or any violation of ongoing regulatory obligations could result in restrictions on PADCEV, including its withdrawal from the market.

ADCETRIS is approved for treating patients in the relapsed sALCL indication with conditions in Canada, and approved under conditional marketing authorization in relapsed Hodgkin lymphoma and sALCL in the European Union, in each case under regulations which allow for approval of products for cancer or other serious or life threatening illnesses based on a surrogate endpoint or on a clinical endpoint other than survival or irreversible morbidity. For the European Union indications, Takeda is subject to certain post-approval requirements, including the requirement to conduct clinical trials to confirm clinical benefit. In Canada, the ECHELON-2 results may be sufficient to confirm the clinical benefit of ADCETRIS in relapsed sALCL. In the European Union, there are other post approval requirements to convert the conditional marketing authorization for ADCETRIS in relapsed Hodgkin lymphoma and relapsed sALCL into a standard marketing authorization. Takeda's failure to provide these additional clinical data from confirmatory studies could result in the EC withdrawing approval of ADCETRIS in the European Union for certain indications, which would negatively impact anticipated royalty revenue from ADCETRIS sales by Takeda in the European Union and could adversely affect our results of operations. The FDA's approval of ADCETRIS in the frontline PTCL indication included a post-marketing commitment to develop a clinically validated in-vitro diagnostic device for the selection of patients with CD30-expressing PTCL, not including sALCL, for treatment with ADCETRIS in this indication. We and Takeda have a collaboration with Ventana Medical Systems, Inc., or Ventana, under which Ventana is working to develop, manufacture and commercialize a companion diagnostic test to measure CD30 expression levels in tissue specimens. If Ventana develops an in-vitro diagnostic device that we are able to clinically validate, the FDA or another regulatory authority may revise our label for the frontline PTCL indication or in connection with any future approvals to require the use of the in-vitro test as a companion diagnostic. This may limit our ability to commercialize ADCETRIS in the applicable treatment setting due to potential label requirements, prescriber practices, constraints on availability of the diagnostic, or other factors. If Ventana is unable to successfully develop the CD30 in-vitro diagnostic, or experiences delays in doing so, or we experience delays in clinical validation of the diagnostic, we will likely need to renegotiate the timing or content of our post-marketing commitment regarding the in-vitro diagnostic device with the FDA.

We and the manufacturers of our current and any future approved products are also required, or will be required, to comply with current Good Manufacturing Practices, or cGMP, regulations, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation. Further, regulatory agencies must approve these manufacturing facilities before they can be used to manufacture our products and product candidates, and these facilities are subject to ongoing regulatory inspections. In addition, regulatory agencies subject an approved product, its manufacturer and the manufacturer's facilities to continual review and inspections, including periodic unannounced inspections. The subsequent discovery of previously unknown problems with our current or any future approved products, including adverse events of unanticipated severity or frequency, or problems with the facilities where our current or any future approved products are manufactured, may result in restrictions on the marketing of our current or any such future approved products, up to and including withdrawal of the affected product from the market. If our manufacturing facilities, our collaborators' manufacturing facilities, or those of our respective suppliers, fail to comply with applicable regulatory requirements, such noncompliance could result in regulatory action and additional costs to us.

Failure to comply with applicable FDA and other regulatory requirements may subject us to administrative or judicially imposed sanctions, including:

- issuance of Form FDA 483 notices or Warning Letters by the FDA or other regulatory agencies;
- imposition of fines and other civil penalties;
- criminal prosecutions;
- injunctions, suspensions or revocations of regulatory approvals;
- suspension of any ongoing clinical trials;
- total or partial suspension of manufacturing;
- delays in commercialization;

- refusal by the FDA to approve pending applications or supplements to approved applications submitted by us;
- refusals to permit drugs to be imported into or exported from the United States;
- restrictions on operations, including costly new manufacturing requirements; and
- product recalls or seizures.

The policies of the FDA and other regulatory agencies may change and additional government regulations may be enacted that could prevent or delay regulatory approval of our product candidates or of ADCETRIS or PADCEV in any additional indications or territories, or further restrict or regulate post-approval activities. We cannot predict the likelihood, nature or extent of adverse government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are not able to maintain regulatory compliance, we or our collaborators might not be permitted to market our current or any future approved products and our business would suffer.

Clinical trials are expensive and time consuming, may take longer than we expect or may not be completed at all, and their outcome is uncertain.

We are currently conducting multiple clinical trials for our products and product candidates and we plan to commence additional trials of our products and product candidates in the future. In this regard, we and Astellas are continuing enrollment in a single-arm pivotal phase-2 trial of PADCEV in patients with locally advanced or metastatic urothelial cancer, called the EV-201 trial, for the second cohort of patients who received prior treatment with a PD-1 or PD-L1 inhibitor and who were not candidates for treatment with a platinum agent, a global, randomized phase 3 clinical trial of PADCEV, called the EV-301 trial, for patients with metastatic urothelial cancer who previously received both platinum chemotherapy and a PD-1 or PD-L1 inhibitor, a phase 1/2, multi-cohort, open-label trial of PADCEV alone or in combination with the anti-PD-1 therapy pembrolizumab and/or chemotherapy, called the EV-103 trial, in locally advanced and first- and second-line metastatic urothelial cancer and muscle invasive bladder cancer and, under a collaboration with Merck, an open-label, randomized phase 3 trial, called the EV-302 trial, evaluating the combination of PADCEV and pembrolizumab with or without chemotherapy versus chemotherapy alone in patients with previously untreated locally advanced or metastatic urothelial cancer. Additionally, we are conducting a phase 3 randomized trial of tucatinib vs. placebo, in combination withT-DM1 for patients with unresectable locally advanced or metastatic HER2-positive breast cancer, including those with brain metastases, who have had prior treatment with a taxane and trastuzumab, which we refer to as HER2CLIMB-02, and a phase 2 trial evaluating tucatinib in combination with trastuzumab in patients with HER2-positive, RAS wild-type metastatic colorectal cancer after treatment with first- and second-line standard-of-care therapies, which we call MOUNTAINEER. We are also conducting a pivotal phase 2 clinical trial of single-agent tisotumab vedotin with Genmab for patients with recurrent and/or metastatic cervical cancer who have relapsed or progressed after standard of care treatment, which we refer to as the innovaTV 204 trial. Each of these trials was initiated based on only limited clinical data and we cannot be certain that the design of, or data collected from, these trials will be sufficient to support FDA or any foreign regulatory approvals. Furthermore, we do not have Special Protocol Assessment agreements with the FDA for any of these trials.

Each of our clinical trials requires the investment of substantial expense and time and the timing of the commencement, continuation and completion of these clinical trials may be subject to significant delays relating to various causes, including scheduling conflicts with participating clinicians and clinical institutions, difficulties in identifying and enrolling patients who meet trial eligibility criteria, failure of patients to complete the clinical trial, delays in accumulating the required number of clinical events for data analyses, delay or failure to obtain institutional review board, or IRB, approval to conduct a clinical trial at a prospective site, and shortages of available drug supply.

Additionally, patient enrollment is a function of many factors, including the size of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the existence of competing clinical trials, perceived side effects and the availability of alternative or new treatments. Many of our future and ongoing clinical trials are being or will be coordinated or conducted with Takeda, Astellas, Merck, Genmab, Bristol-Myers-Squibb Company, BMS, and other collaborators, which may delay the commencement or adversely affect the continuation or completion of these trials. From time to time, we have experienced enrollment-related delays in clinical trials and we will likely continue to experience similar delays in our current and future trials. We depend on medical institutions and clinical research organizations, or CROs, to conduct some of our clinical trials in compliance with Good Clinical Practice, or GCP, and to the extent they fail to enroll patients for our clinical trials, fail to conduct our trials in accordance with GCP,

or are delayed for a significant time in achieving full enrollment, we may be affected by increased costs, program delays or both, which may harm our business. In addition, we conduct clinical trials in foreign countries which may subject us to further delays and expenses as a result of increased drug shipment costs, additional regulatory requirements and the engagement of foreign CROs, as well as expose us to risks associated with less experienced clinical investigators who are unknown to the FDA, different standards of medical care, and foreign currency transactions insofar as changes in the relative value of the U.S. dollar to the foreign currency where the trial is being conducted may impact our actual costs.

Clinical trials must be conducted in accordance with FDA or other applicable foreign government guidelines and are subject to oversight by the FDA, foreign governmental agencies, including data protection authorities, the data safety monitoring boards for such trials and the IRBs or Ethics Committees for the institutions in which such trials are being conducted. In addition, clinical trials must be conducted with supplies of our products or product candidates produced under cGMP and other requirements in foreign countries, and may require large numbers of test patients. We or our collaborators, the FDA, foreign governmental agencies or the applicable data safety monitoring boards, IRBs and Ethics Committees could delay, suspend, halt or modify our clinical trials of our products or any of our product candidates, for numerous reasons, including:

- ADCETRIS, PADCEV or the applicable product candidate may have unforeseen safety issues or adverse side effects, including fatalities, or a determination may be made that a clinical trial presents unacceptable health risks;
- deficiencies in the conduct of the clinical trial, including failure to conduct the clinical trial in accordance with regulatory requirements, GCP, clinical protocols or regulations relating to data protection;
- problems, errors or other deficiencies with respect to data collection, data processing and analysis;
- deficiencies in the clinical trial operations or trial sites resulting in the imposition of a clinical hold;
- the time required to determine whether ADCETRIS, PADCEV or the applicable product candidate is effective may be longer than expected;
- fatalities or other adverse events arising during a clinical trial due to medical problems that may not be related to clinical trial treatments;
- ADCETRIS, PADCEV or the applicable product candidate may not appear to be more effective than current therapies;
- the quality or stability of ADCETRIS, PADCEV or the applicable product candidate may fall below acceptable standards;
- our inability and the inability of our collaborators to produce or obtain sufficient quantities of ADCETRIS, PADCEV or the applicable product candidate to complete the trials;
- our inability and the inability of our collaborators to reach agreement on acceptable terms with prospective CROs and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- our inability and the inability of our collaborators to obtain IRB or Ethics Committee approval to conduct a clinical trial at a prospective site;
- changes in governmental regulations or administrative actions that adversely affect our ability and the ability of our collaborators to continue to conduct or to complete clinical trials;
- lack of adequate funding to continue the clinical trial, including the incurrence of unforeseen costs due to enrollment delays, requirements to conduct additional trials and studies and increased expenses associated with the services of our CROs and other third parties;
- our inability and the inability of our collaborators to recruit and enroll patients to participate in clinical trials for reasons including competition from other clinical trial programs for the same or similar indications;
- our inability and the inability of our collaborators to retain patients who have initiated a clinical trial but may be prone to withdraw due to side effects from the therapy, lack of efficacy or personal issues, or who are lost to further follow-up; or

- our inability and the inability of our collaborators to ensure adequate statistical power to detect statistically significant treatment effects, whether through our inability to enroll or retain patients in trials or because the specified number of events designated for a completed trial have not occurred.

In addition, we or our collaborators may experience significant setbacks in advanced clinical trials, even after promising results in earlier trials, including unexpected adverse events that may occur when our product candidates are combined with other therapies.

Negative or inconclusive clinical trial results could adversely affect our ability and the ability of our collaborators to obtain regulatory approvals of our product candidates or to market ADCETRIS or PADCEV and/or expand ADCETRIS or PADCEV into additional indications and territories. In addition, clinical trial results are frequently susceptible to varying interpretations that may delay, limit or prevent regulatory approvals. For example, even though we reported positive results from the HER2CLIMB-01 trial, regulatory agencies may disagree with our interpretation of the data from the HER2CLIMB-01 trial and may otherwise determine not to accept for filing or approve the applications for regulatory approval we submitted for tucatinib, including the NDA we submitted to the FDA in December 2019, submissions to other countries participating in the FDA OCE's Project Orbis initiative, and the MAA we submitted to the EMA in January 2020, in a timely manner or at all. Likewise, although we reported positive results in our ECHELON-2 trial, regulatory agencies outside of the U.S., or their advisors, may disagree with Takeda's interpretations of data from the ECHELON-2 trial and may not approve the expansion of the ADCETRIS labeled indications of use to the ECHELON-2 treatment setting. Adverse medical events during a clinical trial, including patient fatalities, could cause a trial to be redone or terminated, require us to cease development of a product candidate or the further development or commercialization of ADCETRIS or PADCEV, result in our failure to expand ADCETRIS or PADCEV into additional indications and territories, adversely affect our ability to market ADCETRIS or PADCEV, and may result in other negative consequences to us, including the inclusion of unfavorable information in our product labeling. Further, some of our clinical trials are overseen by an independent data monitoring committee, or IDMC, and an IDMC may determine to delay or suspend one or more of these trials due to safety or futility findings based on events occurring during a clinical trial. In addition, we may be required to implement additional risk mitigation measures that could require us to suspend our clinical trials if certain safety events occur.

Our product candidates are in various stages of development, and it is possible that none of our product candidates will ever become commercial products.

Our late-stage product candidates are tucatinib and tisotumab vedotin, each of which was advanced to pivotal trials based on only limited clinical data. Our earlier-stage clinical pipeline includes ladiratuzumab vedotin, which is in phase 2 clinical development, and other product candidates that are in phase 1 clinical development. In addition, we have multiple preclinical and research-stage programs that employ our proprietary technologies. We will require significant financial resources and additional personnel in order to continue to advance the development of, to pursue, obtain and maintain regulatory approvals for, and to potentially commercialize tucatinib and tisotumab vedotin, if we are able to do so at all. Our other product candidates are in early or relatively early stages of development.

If a product candidate fails at any stage of development or fails to receive regulatory approval, or we or our collaborators otherwise determine to discontinue development of that product candidate, we will not have the anticipated revenues from that product candidate to fund our operations, and we may not receive any return on our investment in that product candidate. For example, with respect to tucatinib, we have incurred significant expenditures related to its development and potential launch, but there can be no assurances that the FDA, the other countries participating in the FDA OCE's Project Orbis initiative, or the EMA, will accept or approve our regulatory submissions for tucatinib or that tucatinib will otherwise receive any regulatory approvals, and we may therefore fail to receive any return on our investment in tucatinib or realize the anticipated benefits of the Cascadian Acquisition. Moreover, with the exception of the positive results we reported from the HER2CLIMB-01 trial, we have reported only limited data from earlier stage trials of our product candidates. Preclinical studies and any encouraging or positive preliminary and interim data from our clinical trials of our product candidates may not be predictive of the results of ongoing or later clinical trials. Even if we or our collaborators are able to complete our planned clinical trials of our product candidates according to our current development timeline, the encouraging or positive results from clinical trials of our product candidates in earlier stage trials may not be replicated in subsequent later-stage trials. In addition, we are developing product candidates in indications in which competition is intense, and it is possible that a clinical trial we run may meet its safety and efficacy endpoints but we may choose not to advance the development and commercialization of the product candidate due to

changes in the competitive environment and the rapid evolution of the standard of care. As a result, we and our collaborators may conduct lengthy and expensive clinical trials of our product candidates only to learn that a product candidate is not an effective treatment or is not superior to existing approved therapies, or has an unacceptable safety profile, which could prevent or significantly delay regulatory approval for such product candidate or could cause us to discontinue the development of such product candidate. Also, later-stage clinical trials could differ in significant ways from earlier stage clinical trials, which could cause the outcome of the later-stage trials to differ from earlier-stage clinical trials. Differences in earlier- and later-stage clinical trials may include changes to inclusion and exclusion criteria, efficacy endpoints and statistical design. In this regard, we initiated the EV-302 trial of PADCEV with Astellas, the HER2CLIMB-02 trial of tucatinib, and the innovaTV 204 trial of tisotumab vedotin with Genmab, in each case based on only limited clinical data, and we cannot be certain that the design of, or data collected from, these trials will be adequate to support FDA or any foreign regulatory approvals. Moreover, despite the positive results we and Astellas reported for the first cohort in the EV-201 trial and the positive initial data from the EV-103 trial, we cannot be certain that PADCEV will demonstrate sufficient efficacy in other trials, including in the EV-301 trial, the EV-302 trial, other cohorts of the EV-201 and EV-103 trials or any future trials. In this regard, despite the initial results we and Astellas reported from the EV-103 trial, PADCEV may not demonstrate sufficient efficacy in the EV-302 trial or in any other frontline setting, and PADCEV may never be approved for use in any frontline setting, which would significantly delay or prevent us from achieving profitability. Likewise, despite the positive results we reported from the HER2CLIMB-01 trial, we cannot be certain that tucatinib will demonstrate sufficient efficacy in other trials, including the HER2CLIMB-02 trial, or will ever be approved for commercial sale. Tisotumab vedotin may likewise fail to demonstrate sufficient efficacy in pivotal trials despite the results observed in earlier-stage trials. In addition, there may still be important facts about the safety, efficacy, and risk versus benefit of PADCEV, tucatinib and tisotumab vedotin that are not known to us at this time which may negatively impact our ability to develop and commercialize PADCEV or these product candidates. In this regard, in the first cohort of the EV-201 trial, there was one death due to interstitial lung disease, which occurred outside the safety-reporting period of the trial and was confounded by prolonged high-dose steroid use and suspected pneumonia, and in the initial results of the EV-103 trial, there was one death deemed to be treatment-related by the investigator, attributed to multiple organ dysfunction syndrome. In addition, in response to prior safety events observed in our clinical trials of PADCEV and tisotumab vedotin, including patient deaths, we have in the past, and may in the future, institute additional precautionary safety measures such as dosing caps and delays, enhanced monitoring for side effects, and modified patient inclusion and exclusion criteria. Additional and/or unexpected safety events or our failure to generate additional efficacy data in our clinical trials that support registration could significantly impact the value of PADCEV, tucatinib and tisotumab vedotin to our business. Many companies in the pharmaceutical and biotechnology industries, including us, have suffered significant setbacks in late-stage clinical trials after achieving encouraging or positive results in early-stage development. We cannot be certain that we will not face similar setbacks in our ongoing or planned clinical trials, including in the ongoing pivotal trials for PADCEV, tucatinib and tisotumab vedotin. If we or our collaborators fail to produce positive results in our ongoing or planned clinical trials of PADCEV or any of our product candidates, the development timeline and regulatory approval and commercialization prospects for PADCEV and our product candidates, and, correspondingly, our business, financial condition, results of operations and growth prospects, would be materially adversely affected.

Due to the uncertain and time-consuming clinical development and regulatory approval process, we may not successfully develop any of our product candidates, or we may choose to discontinue the development of product candidates for a variety of reasons such as due to safety, risk versus benefit profile, exclusivity, competitive landscape, or prioritization of our resources. It is possible that none of our product candidates will ever become commercial products. In addition, we have to make decisions about which clinical stage and pre-clinical product candidates to develop and advance, and we may not have the resources to invest in certain product candidates, or clinical data and other development considerations may not support the advancement of one or more product candidates. Decision-making about which product candidates to prioritize involves inherent uncertainty, and our development program decision-making and resource prioritization decisions may not improve our results of operations or prospects or enhance the value of our common stock. Our failure to effectively advance our development programs could have a material adverse effect on our business and prospects, and cause the price of our common stock to decline.

The successful commercialization of our products and our product candidates will depend on a variety of factors, including the extent to which governmental authorities and health insurers establish adequate coverage and reimbursement levels and pricing policies, and the acceptance of our products by the medical community and patients.

Successful sales of our current and any future approved products will depend, in part, on the extent to which coverage and reimbursement for our products will be available from government and health administration authorities, private health insurers and other third-party payors. To manage healthcare costs, many governments and third-party payors increasingly scrutinize the pricing of new products and require increasing levels of evidence of favorable clinical outcomes and cost-effectiveness before extending coverage. In light of this pricing scrutiny, we cannot be sure that we will achieve and continue to have coverage available for our products and any product candidates that we commercialize and, if available, that the reimbursement rates will be adequate. If we are unable to obtain coverage and adequate levels of reimbursement for our current and any future approved products that we commercialize, their marketability will be negatively and materially impacted. For example, we cannot be certain that third-party payors will continue to provide coverage and adequate reimbursement for ADCETRIS in the frontline Hodgkin lymphoma indication based on the relative price and perceived benefit of ADCETRIS as compared to alternative treatment options, which may materially harm our ability to maintain or increase sales of ADCETRIS or may otherwise negatively affect future ADCETRIS sales. Similarly, we cannot be certain that third-party payors will provide coverage and adequate reimbursement for PADCEV or, if we are able to obtain any regulatory approval of tucatinib, for tucatinib based on their relative price and perceived benefits as compared to alternative treatment options or otherwise, which may materially harm our ability to successfully commercialize PADCEV and any approved tucatinib product. In addition, we are currently seeking regulatory approvals of tucatinib from the EMA and in the Project Orbis countries of Australia, Canada, Singapore and Switzerland. In many countries, the proposed pricing for a drug must be approved before it may be lawfully marketed, which could delay entry of a product into a market or, if pricing is not approved, may prevent us from selling a product in a country where we have received regulatory approval. The launch of tucatinib in these markets could be delayed due to a variety of factors, including supply constraints, delays in arranging a commercial infrastructure or delays in negotiating pricing and reimbursement approvals. If we experience delays or unforeseen difficulties due to any of these factors, planned launches in the countries in question would be delayed, which could negatively impact anticipated revenue from tucatinib. In addition, if we are unable to obtain favorable pricing and reimbursement approvals in the countries that represent significant potential markets, our anticipated revenue from and growth prospects for tucatinib in Europe and other regions could be negatively affected.

Eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. In addition, obtaining and maintaining adequate coverage and reimbursement status is time-consuming and costly. Third-party payors may deny coverage and reimbursement status altogether of a given drug product, or cover the product but may also establish prices at levels that are too low to enable us to realize an appropriate return on our investment in product development. Further, in the United States, there is no uniform policy of coverage and reimbursement among third-party payors. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided is made on a payor-by-payor basis. One payor's determination to provide coverage for a product does not assure that other payors will also provide coverage for the product. Because the rules and regulations regarding coverage and reimbursement change frequently, in some cases at short notice, even when there is favorable coverage and reimbursement, future changes may occur that adversely impact the favorable status.

The unavailability or inadequacy of third-party coverage and reimbursement could have a material adverse effect on the market acceptance of our current and any future approved products and the future revenues we may expect to receive from those products. In addition, we are unable to predict what additional legislation or regulation relating to the healthcare industry or third-party coverage and reimbursement may be enacted in the future, or what effect such legislation or regulation would have on our business. Continuing negative publicity regarding pharmaceutical pricing practices and ongoing presidential and Congressional focus on this issue create significant uncertainty regarding regulation of the healthcare industry and third-party coverage and reimbursement. If healthcare policies or reforms intended to curb healthcare costs are adopted or if we experience negative publicity with respect to pricing of our products or the pricing of pharmaceutical products generally, the prices that we charge for our current and any future

approved products may be limited, our commercial opportunity may be limited and/or our revenues from sales of our current and any future approved products may be negatively impacted.

The degree of market acceptance among patients, physicians, and third-party payors is also important to our ability to successfully commercialize our current and any future approved products. The degree of acceptance will depend on a number of factors including the effectiveness of our marketing, sales and distribution strategy and operations, the acceptance of our product by patients, physicians and third-party payors, the perceived advantages and relative cost, safety and efficacy of alternative treatments, as well as the acceptance and degree of adoption of our products and any future products by institutional pathways and institutional, local, and national guidelines such as the National Comprehensive Cancer Networks® Clinical Practice Guidelines in Oncology, or the NCCN Guidelines. Many oncology practices and healthcare providers rely on the NCCN Guidelines or other institutional practice pathways in decisions related to treatment of patients and utilization of medicines. To the extent that our current or any future approved products are not included or positioned favorably in such treatment guidelines and pathways, the full utilization potential of our products may not be reached, which may harm our ability to successfully commercialize our current or any future approved products. For example, in the ADCETRIS frontline Hodgkin lymphoma indication, the NCCN Guidelines have been interpreted as being more restrictive than our labeled indication and since these guidelines and related interpretations have been translated into treatment pathways for many institutions, our ability to maintain or increase sales of ADCETRIS may be materially harmed or future ADCETRIS sales may otherwise be negatively affected.

Healthcare law and policy changes may have a material adverse effect on us.

In March 2010, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively PPACA, became law in the United States. PPACA substantially changed the way healthcare is financed by both governmental and private insurers and significantly affects the pharmaceutical industry. The provisions of PPACA of greatest importance to the pharmaceutical industry include increased Medicaid rebates, expanded Medicaid eligibility, extension of Public Health Service eligibility, annual fees payable by manufacturers and importers of branded prescription drugs, annual reporting of financial relationships with physicians and teaching hospitals, and a new Patient-Centered Outcomes Research Institute. Many of these provisions have had the effect of reducing the revenue generated by our sales of ADCETRIS and will have the effect of reducing any revenue generated by sales of PADCEV and any future commercial products we may have.

Certain provisions of the PPACA have been subject to judicial and Congressional challenges, as well as efforts by the Trump administration to repeal or replace certain aspects of the PPACA. For example, since January 20, 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provision of the PPACA or otherwise circumvent some of the requirements for health insurance mandated by the PPACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the PPACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the PPACA have been signed into law. The Tax Cuts and Jobs Act of 2017, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." Additionally, the 2020 federal spending package permanently repealed, effective January 1, 2020, the PPACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device taxes, and, effective January 1, 2021, also eliminates the health insurer tax. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amends the PPACA, effective January 1, 2019, to increase from 50 percent to 70 percent the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." In December 2018, CMS published a new final rule permitting further collections and payments to and from certain PPACA qualified health plans and health insurance issuers under the PPACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a Texas U.S. District Court Judge ruled that the PPACA is unconstitutional in its entirety because the "individual mandate" was repealed. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the PPACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace the PPACA will impact the PPACA and our business.

Further, on March 23, 2018, CMS finalized updates to the National Drug Rebate Agreement, or the Rebate Agreement, for the first time in 27 years, to incorporate legislative and regulatory changes that have occurred since the Rebate Agreement was first published. These updates align the Rebate Agreement with certain provisions of PPACA and contain additional changes incorporating CMS policies adopted over the years. In order to have our current and any future approved products covered under Medicaid, and Medicare Part B, we were required to enter into the revised Rebate Agreement with CMS. If we fail to comply with the terms of the revised Rebate Agreement, we will be unable to obtain, and maintain, Medicaid and Medicare Part B coverage and reimbursement, which could negatively affect our financial condition and results of operations.

We anticipate that the PPACA, as well as other healthcare reform measures that have been adopted, or may be adopted in the future, may result in more rigorous coverage criteria and an additional downward pressure on the price that we receive for our current or any future approved products, which may harm our business. For example, increased discounts and rebates may be mandated by governmental entities, or requested by private insurers, or fee caps and pricing pressures could be enacted by industry organizations or state and federal governments, any of which could significantly affect the revenue generated by sales of our current or any future approved products. In addition, drug-pricing by pharmaceutical companies has come under increased scrutiny. Specifically, there have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing by requiring drug companies to notify insurers, purchasers and government regulators of price increases and to provide an explanation as to the reasons for the increase, reduce the out-of-pocket costs to patients for prescription drugs, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for drugs. At the federal level, the Trump administration's budget proposal for fiscal year 2020 contained further drug price control measures that could be enacted during the budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Moreover, in May 2018, the Trump administration released its "Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs," or the Blueprint. The Blueprint contains several potential regulatory actions and legislative recommendations aimed at lowering prescription drug prices, including measures to promote innovation and competition for biologics, changes to Medicare Part D to give plan sponsors more leverage when negotiating prices with manufacturers, and updating the Medicare drug-pricing dashboard to make price increases and generic competition more transparent. HHS has solicited feedback on some of these measures and, at the same, has implemented others under its existing authority. For example, on October 30, 2018, CMS issued an advance notice of proposed rulemaking with respect to the potential adaption of an international pricing index model that would be designed to reduce Medicare expenditures on certain Part B drugs to rates that are more closely aligned with the costs of such drugs in select comparator countries. In addition, in May 2019, CMS issued a final rule to allow Medicare Advantage plans the option to use step therapy for Part B drugs beginning January 1, 2020. This final rule codified CMS's policy change that was effective January 1, 2019. The recommendations in the Blueprint, if enacted by Congress and the Department of Health and Human Services, or HHS, could lead to changes to Medicare Parts B and D, including the transition of certain drugs covered under Part B to Part D or the offering of alternative purchasing options under the Competitive Acquisition Program that currently applies to selected drugs and biologics covered under Part B. While many of these and other measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative, administrative and/or additional measures to control drug costs. At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing, cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. We expect further federal and state legislation and healthcare reforms to continue to be proposed to control increasing healthcare costs and to control the rising cost of prescription drugs. These proposals, if implemented, could limit the price for our current or any future approved products. Commercial opportunity could be negatively impacted by legislative action that controls pricing, mandates price negotiations, or increases government discounts and rebates.

Also, price increases on our products and negative publicity regarding drug pricing and price increases generally, whether on our products or products distributed by other pharmaceutical companies, could negatively affect market acceptance of, and sales of, our products. In addition, although ADCETRIS is approved in the European Union, Japan and other countries outside of the United States, government austerity measures or further healthcare reform measures and pricing pressures in other countries could adversely affect demand and pricing for ADCETRIS, which would negatively impact anticipated royalty revenue from ADCETRIS sales by Takeda.

Other legislative changes have also been proposed and adopted since PPACA was enacted. The Budget Control Act of 2011, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering the legislation's automatic reduction to several government programs. This includes a 2% reduction in Medicare provider payments paid under Medicare Part B to physicians for physician-administered drugs, such as certain oncology drugs, which went into effect in April 2013 and, due to subsequent legislative amendments to the statute, including the BBA, will remain in effect through 2029 unless additional Congressional action is taken. The American Taxpayer Relief Act of 2012, among other things, reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. In addition, legislation has been proposed to shorten the period of biologic data and market exclusivity granted by the FDA. If such legislation is enacted, we may face competition from biosimilars of our current or any future approved products earlier than otherwise would have occurred. Increased competition may negatively impact coverage and pricing of our products, which could negatively affect our financial condition or results of operations.

We also expect to experience pricing pressures in connection with the sale of our products due to certain managed healthcare initiatives. For example, the PPACA increased the mandated Medicaid rebate from 15.1% to 23.1% of Average Manufacturer Price, expanded the rebate to Medicaid managed care utilization and increased the types of entities eligible for the federal 340B drug discount program. As concerns continue to grow over the need for tighter oversight, there remains the possibility that the Heath Resources and Services Administration or another agency under the HHS will propose a similar regulation or that Congress will explore changes to the 340B program through legislation. For example, a bill was introduced in 2018 that would require hospitals to report their low-income utilization of the program. Further, the Centers for Medicare & Medicaid Services issued a final rule that would revise the Medicare hospital outpatient prospective payment system for calendar year 2019, including a new reimbursement methodology for drugs purchased under the 340B program for Medicare patients at the hospital setting and recently announced the same change for physician-based practices under 340B in 2019. In addition, HHS set January 1, 2019, as the effective date of the final rule setting forth the calculation of the ceiling price and application of civil monetary penalties. Pursuant to the final rule, after January 1, 2019, manufacturers must calculate 340B program ceiling prices on a quarterly basis. Moreover, manufacturers could be subject to a $5,000 penalty for each instance where they knowingly and intentionally overcharge a covered entity under the 340B program. A significant portion of purchases of our products are eligible for 340B drug pricing, and therefore an expansion of the 340B program or reduction in 340B pricing, whether in the form of the final rule or otherwise, would likely have a negative impact on our net sales of our products.

We cannot predict what healthcare reform initiatives may be adopted in the future. However, we anticipate that Congress, state legislatures, and third-party payors may continue to review and assess alternative healthcare delivery and payment systems and may in the future propose and adopt legislation or policy changes or implementations effecting additional fundamental changes in the healthcare delivery system. We also expect these initiatives to increase pressure on drug pricing. We cannot assure you as to the ultimate content, timing, or effect of changes, nor is it possible at this time to estimate the impact of any such potential legislation; however, such changes or the ultimate impact of changes could negatively affect our revenue or sales of our current and or potential future products.

Enhanced governmental and private scrutiny over, or investigations or litigation involving, pharmaceutical manufacturer donations to patient assistance programs offered by charitable foundations may require us to modify our programs and could negatively impact our business practices, harm our reputation, divert the attention of management and increase our expenses.

We have a patient assistance program and also occasionally make donations to independent charitable foundations that help financially needy patients. These types of programs designed to assist patients in affording pharmaceuticals have become the subject of scrutiny. In recent years, some pharmaceutical manufacturers were named in class action lawsuits challenging the legality of their patient assistance programs and support of independent charitable patient support foundations under a variety of federal and state laws. Our patient assistance program and support of independent charitable foundations could become the target of similar litigation. At least one insurer also has directed its network pharmacies to no longer accept manufacturer co-payment coupons for certain specialty drugs the insurer identified. In addition, certain state and federal enforcement authorities and members of Congress have initiated inquiries about co-pay assistance programs. Some state legislatures have also been considering proposals that would restrict or ban co-pay coupons.

In addition, there has been regulatory review and enhanced government scrutiny of donations by pharmaceutical companies to patient assistance programs operated by charitable foundations. For example, the Office of Inspector General has established specific guidelines permitting pharmaceutical manufacturers to make donations to charitable organizations who provide co-pay assistance to Medicare patients, provided that such organizations are bona fide charities, are entirely independent of and not controlled by the manufacturer, provide aid to applicants on a first-come basis according to consistent financial criteria, and do not link aid to use of a donor's product. If we or our vendors or donation recipients are deemed to fail to comply with laws or regulations in the operation of these programs, we could be subject to damages, fines, penalties or other criminal, civil or administrative sanctions or enforcement actions. Further, numerous organizations, including pharmaceutical manufacturers, have received subpoenas from the U.S. Department of Justice and other enforcement authorities seeking information related to their patient assistance programs and support, and certain of these organizations have entered into significant civil settlements with applicable enforcement authorities. In connection with these civil settlements, the U.S. government has and may in the future require the affected companies to enter into complex corporate integrity agreements that impose significant reporting and other requirements on those companies. We cannot ensure that our compliance controls, policies and procedures will be sufficient to protect against acts of our employees, business partners or vendors that may violate the laws or regulations of the jurisdictions in which we operate. Regardless of whether we have complied with the law, a government investigation could negatively impact our business practices, harm our reputation, divert the attention of management and increase our expenses.

We depend on collaborative relationships with other companies to assist in the development and commercialization of our products and some of our product candidates and for the development and commercialization of other product candidates utilizing or incorporating our technologies. If we are not able to locate suitable collaborators or if our collaborators do not perform as expected, this may negatively affect our ability to commercialize our products, develop and commercialize our product candidates and/or generate revenues through technology licensing, or may otherwise negatively affect our business.

We have established collaborations with third parties to develop and market our products and some of our current and future product candidates. Because control of development and commercialization is shared with our collaborators under these collaborations, we do not have sole discretion and control over the development and commercialization of the applicable products and product candidates. For example, we entered into a collaboration agreement with Takeda in December 2009 that granted Takeda rights to develop and commercialize ADCETRIS outside of the United States and Canada. In addition, we have entered into collaborations with Astellas for the development and commercialization of PADCEV and with Genmab for the development and commercialization of tisotumab vedotin. Our collaborations also include clinical trial collaborations to develop, in combination, our product or product candidates and the products or product candidates of one or more third parties. For example, we have a clinical trial collaboration with BMS to evaluate the combination of nivolumab with ADCETRIS for the treatment of Hodgkin and non-Hodgkin lymphoma.

We also have antibody-drug conjugate, or ADC, license agreements with AbbVie Biotechnology Ltd., or AbbVie; Astellas; Genentech, Inc., a member of the Roche Group, or Genentech; Genmab; GlaxoSmithKline LLC, or GSK; and Progenics Pharmaceuticals Inc., or Progenics, to allow them to use our proprietary ADC technology, and our ADC licensees conduct all research, product development, manufacturing and commercialization of any product candidates under these agreements.

Our dependence on collaborative arrangements to assist in the development and commercialization of our products and some of our product candidates and on license arrangements for the development and commercialization of other product candidates utilizing or incorporating our technologies subjects us to a number of risks, including:

- we are not able to control the amount and timing of resources that our collaborators and licensees devote to the development or commercialization of products and product candidates under a collaboration or license agreement, including ADCETRIS, PADCEV and tisotumab vedotin;
- disputes may arise between us and our collaborators or licensees that result in the delay or termination of the research, development or commercialization of the applicable products and product candidates or that result in costly litigation or arbitration that diverts management's attention and resources;
- with respect to collaborations under which we have an active role, such as our ADCETRIS collaboration with Takeda, our PADCEV collaboration with Astellas and our collaboration with Genmab, we may have differing opinions, processes or priorities than our collaborators, or we may encounter challenges in joint decision making and joint execution, including with respect to any joint commercialization plans and co-promotion activities, which may delay or otherwise harm the research, development, launch or commercialization of the applicable products and product candidates, including ADCETRIS, PADCEV and tisotumab vedotin;
- our current and potential future collaborators and licensees may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- significant delays in the development of product candidates by current and potential collaborators and licensees could allow competitors to bring products to market before product candidates utilizing or incorporating our technologies are approved and impair the ability of current and potential future collaborators and licensees to effectively commercialize these product candidates;
- our relationships with our collaborators and licensees may divert significant time and effort of our scientific staff and management team and require the effective allocation of our resources to multiple internal collaborative projects;
- our current and potential future collaborators and licensees may not be successful in their efforts to obtain regulatory approvals in a timely manner, or at all;
- our current and potential future collaborators and licensees may receive regulatory sanctions relating to other aspects of their business that could adversely affect the development, approval or commercialization of the applicable products or product candidates;
- our current and potential future collaborators and licensees may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- business combinations or significant changes in a collaborator's or licensee's business strategy may adversely affect such party's willingness or ability to complete its obligations under any arrangement;
- a collaborator or licensee could independently move forward with competing products, therapeutic approaches or technologies to develop treatments for the diseases targeted by us or our collaborators that are developed by such collaborator or licensee either independently or in collaboration with others, including our competitors;
- our current and potential future collaborators and licensees may experience financial difficulties; and

- our collaboration or license agreements may be terminated, breached or allowed to expire, or our collaborators or licensees may reduce the scope of our agreements with them, which could have a material adverse effect on our financial position by reducing or eliminating the potential for us to receive technology access and license fees, milestones and royalties, and/or reimbursement of development costs, and which could require us to devote additional efforts and to incur the additional costs associated with pursuing internal development and commercialization of the applicable products and product candidates.

If our collaborative and license arrangements are not successful as a result of any of the above factors, or any other factors, then our ability to advance the development and commercialization of the applicable products and product candidates and to otherwise generate revenue from these arrangements and to become profitable will be adversely affected, and our business and business prospects may be materially harmed. In particular, if Takeda were to terminate the ADCETRIS collaboration, which it may do for any reason upon prior written notice to us, we would not receive milestone payments, co-funded development payments or royalties for the sale of ADCETRIS outside the United States and Canada. As a result of such termination, we may have to engage another collaborator to complete the ADCETRIS development process and to commercialize ADCETRIS outside the United States and Canada, or to complete the development process and undertake commercializing ADCETRIS outside the United States and Canada ourselves, either of which could significantly delay the continued development and commercialization of ADCETRIS and increase our costs. Similarly, both Astellas and Genmab have the right to opt out of their co-development obligations relating to PADCEV and tisotumab vedotin, respectively. If either Astellas or Genmab were to opt-out of their co-development collaborations with us, this would significantly delay the commercialization and development of PADCEV or the development of tisotumab vedotin, as applicable, and increase our costs. Any of these events could significantly harm our financial position, adversely affect our stock price and require us to incur all the costs of developing and commercializing ADCETRIS, PADCEV or tisotumab vedotin, which are now being co-funded by our collaboration partners. Moreover, in the case of PADCEV and tisotumab vedotin, the success of PADCEV and any approved tisotumab vedotin product will depend, in part, on our ability to effectively jointly commercialize PADCEV and tisotumab vedotin with Astellas and Genmab, respectively, in accordance with our joint commercialization obligations and joint commercialization plans. The success, if any, of our joint commercialization efforts with Astellas and Genmab, as well as the activities of Astellas and Genmab, will significantly impact the commercialization of PADCEV and the potential future commercialization of an approved tisotumab vedotin product, respectively. The product candidates being developed under our collaboration and license agreements are in various stages of development and we cannot guarantee that any of the product candidates under our collaborations will be successful. In this regard, certain of our ADC licensees have advanced product candidates utilizing or incorporating our ADC technology to later stage clinical trials that were not successful. In the future, we may not be able to locate third-party collaborators to assist in commercializing any future products in regions outside the United States, and we may lack the capital and resources necessary to market these products in certain regions outside the Unites States alone.

We face intense competition and rapid technological change, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The biotechnology and biopharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. Many third parties compete with us in developing various approaches to treating cancer. They include pharmaceutical companies, biotechnology companies, academic institutions and other research organizations.

Many of our competitors have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approval and marketing than we do. In addition, many of these competitors are active in seeking patent protection and licensing arrangements in anticipation of collecting royalties for use of technology that they have developed. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, as well as in acquiring technologies complementary to our programs.

With respect to ADCETRIS, there are several other FDA approved drugs for its approved indications. BMS's nivolumab (Opdivo®) and Merck's pembrolizumab (Keytruda®) are approved for the treatment of certain patients with relapsed or refractory classical Hodgkin lymphoma, and Celgene's romidepsin (Istodax®) and Spectrum Pharmaceuticals' pralatrexate (Folotyn®) and belinostat (Beleodaq®) are approved for relapsed or refractory sALCL among other T-cell lymphomas. Kyowa Kirin's mogamulizumab (Poteligeo®) is approved for adult patients with relapsed or refractory mycosis fungoides or Sézary syndrome. The competition ADCETRIS faces from these and other therapies is intensifying. Additionally, Merck is conducting a phase 3 clinical trial in relapsed or refractory classical Hodgkin lymphoma comparing pembrolizumab (Keytruda®) with ADCETRIS. If this clinical trial demonstrates that pembrolizumab is more effective than ADCETRIS in that treatment setting, our sales of ADCETRIS would be negatively impacted. We are also aware of multiple investigational agents that are currently being studied, including Pfizer's avelumab, which, if successful, may compete with ADCETRIS in the future. Data have also been presented on several developing technologies, including bispecific antibodies and CAR modified T-cell therapies that may compete with ADCETRIS in the future. Further, there are many competing approaches used in the treatment of patients in ADCETRIS' approved indications, including autologous hematopoietic stem cell transplant, allogeneic hematopoietic stem cell transplant, combination chemotherapy, clinical trials with experimental agents and single-agent regimens.

With respect to PADCEV, other treatments in pre-treated metastatic urothelial cancer include checkpoint inhibitor monotherapy, generic chemotherapy or, for patients with select fibroblast growth factor receptor genetic alterations, Janssen's erdafitinib (Balversa®). There are other investigational agents that, if approved, could be competitive with PADCEV, such as Immunomedics' sacituzumab govitecan. Treatment in front line metastatic urothelial cancer has traditionally been treated with chemotherapy alone but is evolving to include two recently approved checkpoint inhibitor therapies for cisplatin-ineligible patients with high PD-L1 expression or patients who are ineligible for platinum therapy. Several trials of investigational agents in combination with chemotherapy or other novel agents expected to report data in the near term.

With respect to tucatinib, there are multiple marketed products which target HER2, including the antibodies trastuzumab (Herceptin®) and pertuzumab (Perjeta®) and the antibody drug conjugate T-DM1 (Kadcyla®). In addition, lapatinib (Tykerb®) is an EGFR/HER2 oral kinase inhibitor for the treatment of metastatic breast cancer, and neratinib (Nerlynx®) is an irreversible pan-HER kinase inhibitor indicated for extended adjuvant use that is also being studied in a phase 3 trial in pre-treated HER2-positive metastatic breast cancer, for which positive data was reported in 2019. Daiichi Sankyo and AstraZeneca have fam-trastuzumab deruxtecan-nxki (Enhertu®) that was recently approved for patients who have received two or more prior anti-HER2-based regimens in the metastatic setting. Synthon has an antibody drug conjugate in a pivotal study in this patient population and MacroGenics has a HER2 targeted, Fc-optimized antibody, margetuximab, also in a pivotal study for which positive data were reported and a BLA was submitted in late 2019.

With respect to tisotumab vedotin, in June 2018, Merck's pembrolizumab was approved for the treatment of recurrent or metastatic cervical cancer with disease progression on or after chemotherapy in patients whose tumors express PD-L1. We are also aware of other companies that currently have products in development for the treatment of late-stage cervical cancer which could be competitive with tisotumab vedotin, including Agenus, BMS, Iovance Biotherapeutics, Merck, Regeneron Pharmaceuticals and Roche.

Many other pharmaceutical and biotechnology companies are developing and/or marketing therapies for the same types of cancer that our product candidates are designed and being developed to treat. For example, we believe that companies including AbbVie, ADC Therapeutics, Affimed, Agios, Amgen, Astellas, Bayer, Biogen, BMS, Celgene, Daiichi Sankyo, Eisai, Genentech, GSK, Gilead, ImmunoGen, Immunomedics, Infinity, Janssen, Karyopharm, MacroGenics, MedImmune, MEI Pharma, Merck, Novartis, Pfizer, Puma Biotech, Sanofi-Aventis, Spectrum Pharmaceuticals, Takeda, Teva, and Xencor are developing and/or marketing products or technologies that may compete with ours. In addition, our ADC collaborators may develop compounds utilizing our technology that may compete with product candidates that we are developing.

We are aware of other companies that have technologies that may be competitive with ours, including AbbVie, ADC Therapeutics, Astellas, AstraZeneca, BMS, Daiichi Sankyo, ImmunoGen, Immunomedics, MedImmune, Mersana, Pfizer, and Roche, all of which have ADC technology. ImmunoGen has several ADCs in development that may compete with our product candidates. ImmunoGen has also established partnerships with other pharmaceutical and biotechnology companies to allow those other companies to utilize ImmunoGen's technology, including Sanofi-Aventis, Genentech, Novartis, Takeda and Lilly. We are also aware of a number of companies developing monoclonal antibodies directed at the same antigen targets or for the treatment of the same diseases as our product candidates.

In addition, in the United States, the Biologics Price Competition and Innovation Act of 2009 created an abbreviated approval pathway for biological products that are demonstrated to be "highly similar" or "biosimilar" to or "interchangeable" with an FDA approved biological product. This pathway allows competitors to reference the FDA's prior approvals regarding innovative biological products and data submitted with a BLA to obtain approval of a biosimilar application 12 years after the time of approval of the innovative biological product. The 12-year exclusivity period runs from the initial approval of the innovator product and not from approval of a new indication. In addition, the 12-year exclusivity period does not prevent another company from independently developing a product that is highly similar to the innovative product, generating all the data necessary for a full BLA and seeking approval. Exclusivity only assures that another company cannot rely on the FDA's prior approvals in approving a BLA for an innovator's biological product to support the biosimilar product's approval. Further, under the FDA's current interpretation, it is possible that a biosimilar applicant could obtain approval for one or more of the indications approved for the innovator product by extrapolating clinical data from one indication to support approval for other indications. In the European Union, the EC has granted marketing authorizations for biosimilars pursuant to a set of general and product class-specific guidelines. We are aware of many pharmaceutical and biotechnology and other companies that are actively engaged in research and development of biosimilars or interchangeable products.

It is possible that our competitors will succeed in developing technologies that are more effective than ADCETRIS, PADCEV, tucatinib, tisotumab vedotin or our other product candidates or that would render our technology obsolete or noncompetitive, or will succeed in developing biosimilar, interchangeable or generic products for ADCETRIS, PADCEV, tucatinib, tisotumab vedotin or our other product candidates. We anticipate that we will continue to face increasing competition in the future as new companies enter our market and scientific developments surrounding biosimilars and other cancer therapies continue to accelerate. We cannot predict to what extent the entry of biosimilars or other competing products will impact potential future sales of ADCETRIS, PADCEV, tucatinib, tisotumab vedotin or our other product candidates.

Our operating results are difficult to predict and may fluctuate. If our operating results are below the expectations of securities analysts or investors, the trading price of our stock could decline.

Our operating results are difficult to predict and may fluctuate significantly from quarter to quarter and year to year. As a result, although we provide product sales guidance from time to time, you should not rely on product sales results in any period as being indicative of future performance. In addition, such guidance is based on assumptions that may be incorrect or that may change from quarter to quarter, and it may be particularly difficult to correctly forecast product sales for newly-approved products or in indications for existing products for which we have recently received marketing approval. Moreover, our product sales have, on occasion, been below the expectations of securities analysts and investors and have been below prior period sales, and our sales in the future may also be below prior period sales, our own guidance and/or the expectations of securities analysts and investors. To the extent that we again do not meet our guidance or the expectations of analysts or investors, our stock price may be adversely impacted, perhaps significantly. We believe that our quarterly and annual results of operations may be affected by a variety of factors, including:

- customer ordering patterns for our products, which may vary significantly from period to period;
- the overall level of demand for our products, including the impact of any competitive or biosimilar products and the duration of therapy for patients treated with our products;
- the extent to which coverage and reimbursement for our products is available from government and health administration authorities, private health insurers, managed care programs and other third-party payors;

- our ability to establish or demonstrate in the medical community the safety, efficacy or value of our products and their potential advantages compared to existing and future therapies in their approved indications, including in ADCETRIS' frontline Hodgkin lymphoma and frontline PTCL indications and PADCEV's FDA approved indication;
- changes in the amount of deductions from gross sales, including government-mandated rebates, chargebacks and discounts that can vary because of changes to the government discount percentage, including increases in the government discount percentage resulting from price increases we have taken or may take in the future, or due to different levels of utilization by entities entitled to government rebates and discounts and changes in patient demographics;
- increases in the scope of eligibility for customers to purchase our products at the discounted government price or to obtain government-mandated rebates on purchases of our products;
- changes in our cost of sales due to potential new product launches, royalties owed under technology license agreements or write-offs of inventory;
- the incidence rate of new patients in the approved indications for our products;
- the timing, cost and level of investment in our sales and marketing efforts to support our products sales;
- the timing, cost and level of investment in our research and development, pre-commercialization and other activities involving ADCETRIS, PADCEV, tucatinib, tisotumab vedotin and our other product candidates by us or our collaborators;
- changes in the prices of the Immunomedics, Inc., or Immunomedics, common stock that affect the valuation of the Immunomedics common stock that we hold; and
- expenditures we will or may incur to develop and/or commercialize any additional products, product candidates, or technologies that we may develop, in-license, or acquire.

In addition, even if we and/or our collaborators are able to obtain regulatory approvals for our product candidates, due to the lack of any historical sales data from the commercialization of any of our product candidates, sales of a newly-approved product such as PADCEV will be difficult to predict from period to period. As a result, sales results or trends for PADCEV or any of our future approved products in any period may not necessarily be indicative of future performance. In any event, if we are unable to obtain and maintain necessary or desirable regulatory approvals for our products and product candidates, including for ADCETRIS, PADCEV and tucatinib, in a timely manner, if at all, if the FDA or other regulatory authorities do not approve product labeling that is necessary or desirable for the successful commercialization of an approved product, or if sales of an approved product do not reach the levels we expect, our anticipated revenue from our products and product candidates and our prospects for profitability would be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Moreover, we have entered into collaboration and license agreements with other companies that include development funding and milestone and royalty payments to us, and we expect that amounts earned from our collaboration agreements will continue to be an important source of our revenues. Accordingly, our revenues will also depend on development funding and the achievement of development and clinical milestones under our existing collaboration and license agreements, including, in particular, our ADCETRIS collaboration with Takeda and our PADCEV collaboration with Astellas, as well as entering into potential new collaboration and license agreements. These upfront and milestone payments may vary significantly from quarter to quarter and any such variance could cause a significant fluctuation in our operating results from one quarter to the next.

Further, changes in our operations, such as increased development, manufacturing and clinical trial expenses in connection with our expanding pipeline programs, or our undertaking of additional programs, or business activities, or entry into strategic transactions, including potential future acquisitions of products, technologies or businesses may also cause significant fluctuations in our expenses. In addition, we measure compensation cost for stock-based awards made to employees at the grant date of the award, based on the fair value of the award, and recognize the cost as an expense over the employee's requisite service period. As the variables that we use as a basis for valuing these awards change over time, including our underlying stock price, the magnitude of the expense that we must recognize may vary significantly. Additionally, we have implemented long-term incentive plans for our employees, and the incentives provided under these plans are contingent upon the achievement of certain regulatory milestones. Costs of performance-based compensation under our long-term incentive plans are not recorded as an expense until the achievement of the applicable milestones is deemed probable of being met, which may result in large fluctuations to the expense we must recognize in any particular period.

Additionally, as of December 31, 2019, we held shares of Immunomedics common stock with a fair value of $163.3 million. We record changes in the fair value of our equity securities that we hold in net income or loss, which can lead to volatility of net income or loss to the extent that we continue to hold common stock or other equity securities. For example, in the year ended December 31, 2019, our net loss included a gain of $53.2 million associated with our holdings of Immunomedics common stock.

For these and other reasons, it is difficult for us to accurately forecast future sales of our current or any future approved products, collaboration and license agreement revenues, royalty revenues, operating expenses or future profits or losses. As a result, our operating results in future periods could be below our guidance or the expectations of securities analysts or investors, which could cause the trading price of our common stock to decline, perhaps substantially.

We have a history of net losses. We expect to continue to incur net losses and may not achieve future profitability for some time, if at all.

We have incurred substantial net losses in each of our years of operation. We have incurred these losses principally from costs incurred in our research and development programs and from our selling, general and administrative expenses. We expect to continue to spend substantial amounts on research and development, including amounts for conducting clinical trials of our products and product candidates as well as commercializing our products for the treatment of patients in their approved indications. In addition, we expect to make substantial expenditures to further develop and potentially commercialize tucatinib, tisotumab vedotin and our other product candidates. We may also pursue new operations or continue the expansion of our existing operations, including with respect to our plans to build a commercial infrastructure in Europe and to otherwise continue to expand our operations internationally. Accordingly, we expect to continue to incur net losses in future periods and may not achieve profitability in the future for some time, if at all. Although we recognize revenue from product sales and we continue to earn amounts under our collaboration agreements, our revenue and profit potential is unproven and our future operating results are difficult to predict. Even if we do achieve profitability in the future, we may not be able to sustain or increase profitability on a quarterly or annual basis. If we are unable to achieve and sustain profitability, the market value of our common stock will likely decline.

If we are unable to manage our growth, our business, financial condition, results of operations and prospects may be adversely affected.

We have experienced and expect to continue to experience significant growth in the number of our employees and in the scope of our operations, including in connection with our transition into a multi-product oncology company, our operation of a manufacturing facility and our continuing international expansion. In this regard, the anticipated continued growth of ADCETRIS, the continued launch and commercialization of PADCEV and the potential launch and commercialization of tucatinib and any other future approved products may require expansion of our sales force and commercial organization, and we may need to commit significant additional funds, management and other resources to the growth of our commercial organization. We may not be able to achieve any necessary growth in a timely or cost-effective manner or realize a positive return on our investment, and we may not have the financial resources to achieve the necessary growth in a timely manner or at all, any of which could negatively impact our ability to successfully launch and commercialize a newly-approved product and harm the commercial potential of our current and any future approved products. In any event, this rapid growth and additional complexity places significant demands on our management, operational and financial resources, and our current and planned personnel, systems, procedures and controls may not be adequate to support our growth. In addition, this growth places significant demands on our third party suppliers and they may not have the resources and personnel to adequately support our commercial plans and launch needs, including in regions outside the United States. To effectively manage our growth, we must continue to improve existing, and implement new, operational and financial systems, procedures and controls and must expand, train and manage our growing employee base, and there can be no assurance that we will effectively manage our growth without experiencing operating inefficiencies, control deficiencies or other problems. We expect that we may need to increase our management personnel to oversee our expanding operations, and recruiting and retaining qualified individuals is difficult. In addition, the physical expansion of our operations may lead to significant costs and may divert our management and capital resources. If we are unable to manage our growth effectively, or are unsuccessful in recruiting qualified management personnel, our business, financial condition, results of operations and prospects may be adversely affected.

Risks associated with our expanding operations in foreign countries could materially adversely affect our business.

We are expanding our operations internationally. We have an expanding number of subsidiaries in foreign jurisdictions, including multiple subsidiaries in Europe, and we plan to build a commercial infrastructure in Europe and expand our commercial infrastructure in Canada. Consequently, we are, and will increasingly be, subject to risks related to operating in foreign countries. Risks associated with conducting operations in foreign countries include:

- the increased complexity and costs inherent in managing international operations, including in geographically disparate locations;
- diverse regulatory, drug safety, drug supply, financial and legal requirements, and any future changes to such requirements, in one or more countries where we are located or do business;
- differing payor reimbursement regimes, governmental payors or patient self-pay systems and price controls;
- adverse tax consequences, including changes in applicable tax laws and regulations;
- applicable trade laws, tariffs, export quotas, custom duties or other trade restrictions, and any changes to them;
- economic weakness, including inflation, or political or economic instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign currency fluctuations, which could result in increased operating expenses or reduced revenues, and other obligations incident to doing business or operating in another country;
- liabilities for activities of, or related to, our international operations;
- challenges inherent in efficiently managing employees in diverse geographies, including the need to adapt systems, policies, benefits and compliance programs to differing labor and other regulations and different languages;
- reliance on vendors who are located far from our headquarters and with whom we have not worked previously;

- workforce uncertainty in countries where labor unrest is more common than in the United States; and
- laws and regulations relating to data security and the unauthorized use of, or access to, commercial and personal information.

As a result of our expanding international operations, including potentially with respect to a commercial presence in Europe and expanding commercial infrastructure in Canada, our business and corporate structure has and will become substantially more complex. In addition, as a business, we do not have experience conducting operations outside of the United States and Canada. There can be no assurance that we will effectively manage the increased complexity and broader scope of our operations without experiencing operating inefficiencies, control deficiencies or other problems. Significant management time and effort will be required to effectively manage the increasing complexity and broader scope of our operations, and our failure to successfully do so could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

In addition, since a significant proportion of the regulatory framework in the United Kingdom, or U.K., is derived from European Union directives and regulations, Brexit, which occurred on January 31, 2020, could materially change the regulatory regime applicable to our operations and those of our collaborators, including with respect to potential future marketing authorizations for ADCETRIS, PADCEV and our product candidates. Pursuant to the formal withdrawal arrangements agreed between the U.K. and the European Union, the U.K. will be subject to a transition period through December 31, 2020, or the Transition Period, during which European Union rules will continue to apply. Negotiations between the U.K. and the European Union are expected to continue in relation to the customs and trading relationship between the U.K. and the European Union following the expiry of the Transition Period. We or our collaborators may face new costs and challenges as result of Brexit, in particular following the Transition Period, that could have an adverse effect on our operations, including potential stresses and constraints on the capacity of service providers providing product release services in new locations outside of the U.K., potential challenges with releasing clinical product supplies into the U.K. and potential challenges or inefficiencies in obtaining approvals to commercialize our current or potential future products in the U.K., any of which could negatively impact our current and planned clinical trials and regulatory and commercial activities, and those of our collaborators, and increase our costs. It is also possible that Brexit will cause additional unanticipated negative impacts on our ability to supply clinical or commercial product, or on that of our collaborators, including Takeda and Astellas. Moreover, following the Transition Period, there is currently considerable uncertainty in relation to U.K. financial and banking markets as well as the pharmaceutical regulatory process in the U.K. In addition, the U.K. is likely to lose the benefits of global trade agreements negotiated by the European Union on behalf of its members, which may result in increased trade barriers and could make it more difficult for us and our collaborators to do business in the U.K., including to obtain and maintain regulatory approvals of products. In addition, currency exchange rates for the British Pound and the Euro with respect to each other and the U.S. dollar have already been affected by Brexit. Should this foreign exchange volatility continue, it could cause volatility in our quarterly financial results. In any event, we cannot predict to what extent these changes will impact our business or results of operations, or our or our collaborators' ability to continue to conduct operations in Europe or our ability to build and maintain a commercial infrastructure in Europe.

Moreover, the Trump administration has imposed tariffs on certain U.S. imports, and certain countries have responded with retaliatory tariffs on certain U.S. exports. We cannot predict what effects these and potential additional tariffs will have on our business, including in the context of escalating global trade and political tensions. However, such tariffs and other trade restrictions, whether resulting from Brexit or otherwise, could increase our cost of doing business, reduce our gross margins or otherwise negatively impact our financial results.

These and other risks described elsewhere in these risk factors associated with expanding our international operations could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We currently rely on third-party manufacturers and other third parties for production of our drug products and our dependence on these manufacturers may impair the continued development and commercialization of our products and product candidates.

Although we own a biologics manufacturing facility located in Bothell, Washington, we rely and expect to continue to rely on corporate collaborators and contract manufacturing organizations to supply drug product for commercial supply and our IND-enabling studies and clinical trials.

For the monoclonal antibody used in ADCETRIS, we have contracted with AbbVie for clinical and commercial supplies. For the drug linker used in ADCETRIS, we have contracted with Millipore Sigma, an affiliate of Merck KGaA, for clinical and commercial supplies. We have multiple contract manufacturers for conjugating the drug linker to the antibody and producing the ADCETRIS product. We rely on Astellas to supply PADCEV for our clinical trials and for commercial sale, and Astellas oversees the manufacturing supply chain for PADCEV. For the foreseeable future, we expect to continue to rely on contract manufacturers and other third parties to produce and store sufficient quantities of ADCETRIS, and on Astellas and other third parties to produce and store sufficient quantities of PADCEV, for use in our clinical trials and for commercial sale. If our contract manufacturers, collaborators or other third parties fail to deliver our products for clinical use or sale on a timely basis, with sufficient quality, and at commercially reasonable prices, and we fail to find replacement manufacturers or to develop our own manufacturing capabilities, we may bear costly losses or be required to delay or suspend clinical trials or otherwise discontinue development, production and sale of our products. Moreover, there are a limited number of facilities in which ADCETRIS or PADCEV can be produced and any interruption of the operation of those facilities due to events, such as equipment malfunction or failure or damage to the facility by natural disasters or as the result of regulatory actions or contractual disputes could result in the cancellation of shipments, loss of product in the manufacturing process, a shortfall in product supply, or limit our or our collaborators' ability to sell our products. Further, we and our collaborators depend on outside vendors for the supply of raw materials used to produce our products. If the third-party suppliers were to cease production or otherwise fail to supply us or our collaborators with quality raw materials and we or our collaborators were unable to contract on acceptable terms for these raw materials with alternative suppliers, our ability to have our products manufactured to meet clinical and commercial requirements would be adversely affected. While we believe that the existing supplies of PADCEV and Astellas' contract manufacturing relationships will be sufficient to accommodate current clinical and commercial needs, we or Astellas may need to obtain additional manufacturing arrangements or increase manufacturing capability to meet potential future commercial needs with respect to PADCEV, which could require additional capital investment by us or cause us potential delays if Astellas encounters challenges in negotiating commercially reasonable arrangements with these manufacturers.

For the clinical supply of our product candidates, which include ADCs as well as antibodies and small molecules such as tucatinib, we rely, and expect for the foreseeable future to continue to rely, on multiple contract manufacturers and other third parties to perform manufacturing services for us. If these third-party manufacturers cease or interrupt production, fail to supply satisfactory materials, products or services for any reason or experience performance delays or quality concerns, or if materials or products are lost in transit or in the manufacturing process, such challenges or interruptions could substantially impact clinical trial drug supply, with the potential for additional costs, delays and an adverse effect on our business. With respect to tucatinib specifically, we have limited prior experience as an organization manufacturing tucatinib and small molecule drug products generally, and have relatively new working relationships with many of the third-party manufacturers involved in tucatinib manufacture. These factors increase the chance that we could encounter manufacturing challenges that could increase our costs, cause delays or otherwise negatively impact our business. In this regard, in order to obtain regulatory approval of any product candidate, we or our supplier or suppliers for that product must obtain approval to manufacture and supply product, in some cases based on qualification data provided as part of a BLA, NDA or other application for regulatory approval, and the manufacturing facilities utilized to manufacture the product candidate will be subject to pre-approval regulatory inspections. Any delay in generating, or failure to generate, data required in connection with submission of the chemistry, manufacturing and controls, or CMC, portions of any BLA, NDA or other application for regulatory approval, or challenges in the regulatory inspection process, could negatively impact our ability to meet our anticipated submission dates and/or result in delay in any approval decisions, including with respect to the tucatinib NDA, or our ability to obtain regulatory approval at all. In addition, with respect to tucatinib, we may need to put in place additional manufacturing arrangements or expand our current manufacturing arrangements with third-party manufacturers to meet future potential commercial needs and while we are currently negotiating those arrangements, we cannot assure you that we can enter into such arrangements on commercially reasonable terms or at all. Any failures or delays in manufacturing adequate product supplies and in putting in place or expanding our manufacturing and supply infrastructure could delay or impede our ability to launch and commercialize tucatinib in any markets where tucatinib obtains regulatory approval, if any, and could negatively impact our operating results and adversely affect our business.

With respect to tisotumab vedotin, we rely on drug product supply provided by Genmab and have little control over their supply chains or the contract manufacturers they utilize. For the foreseeable future, we expect to continue to rely on Genmab for manufacturing of clinical supplies of tisotumab vedotin. We or Genmab may need to obtain

additional manufacturing arrangements or increase manufacturing capability to meet potential future commercial needs, which could require additional capital investment by us or cause potential delays if we or Genmab encounter challenges in negotiating commercially reasonable arrangements with these manufacturers.

Any failure of us, our collaborators or a manufacturer to obtain approval from a regulatory authority to manufacture and supply product or any delay in obtaining and distributing adequate supplies of a product on a timely basis or in accordance with applicable specifications and local requirements could negatively impact our ability to successfully launch and commercialize a newly-approved product, including PADCEV and, if tucatinib receives regulatory approval, tucatinib, and to generate sales of that product at the levels we expect. We or our collaborators may also encounter difficulties in meeting the regulatory requirements applicable to the manufacturing process for these agents, in managing the additional complexity of manufacturing for a number of markets outside the U.S. or in responding to changes in the amount or timing of supply needs. Any failures or delays to meet these requirements could substantially delay or impede our ability to obtain regulatory approvals for and to market these agents, which could negatively impact our operating results and adversely affect our business.

We are using our own manufacturing facility to support our clinical-stage pipeline, and we could encounter challenges in operating this facility.

We own a biologics manufacturing facility located in Bothell, Washington, which we acquired in 2017. We use this facility to support our clinical supply needs. Operating this facility requires us to comply with complex regulations and to continue to hire and retain experienced scientific, quality control, quality assurance and manufacturing personnel. We could encounter challenges in operating the manufacturing facility in compliance with cGMP, regulatory or other applicable requirements, resulting in potential negative consequences, including regulatory actions, which could undermine our ability to utilize this facility for our own manufacturing needs. Any of these risks, if actualized, could materially and adversely affect our business and financial position. In addition, despite the acquisition and operation of this facility, we nonetheless expect to continue to rely on corporate collaborators and contract manufacturing organizations to supply drug product and intermediates for commercial supply and our IND-enabling studies and clinical trials. Our continuing dependence on these manufacturers may impair the continued development and commercialization of our products and product candidates.

We have engaged in, and may in the future engage in, strategic transactions that increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

We actively evaluate various strategic transactions on an ongoing basis, including licensing or otherwise acquiring complementary products, technologies or businesses. For example, in March 2018, we made significant investment in tucatinib through the Cascadian Acquisition. The Cascadian Acquisition and any potential future acquisitions or in-licensing transactions entail numerous risks, including but not limited to:

- risks associated with satisfying the closing conditions relating to such transactions and realizing their anticipated benefits;
- increased operating expenses and cash requirements;
- difficulty integrating acquired technologies, products, operations, and personnel with our existing business;
- the potential disruption of our historical core business;
- diversion of management's attention in connection with both negotiating the acquisition or license and integrating the business, technology or product;
- retention of key employees;
- difficulties in assimilating employees and corporate cultures of any acquired companies;
- uncertainties in our ability to maintain key business relationships of any acquired companies;
- strain on managerial and operational resources;
- difficulty implementing and maintaining effective internal control over financial reporting at businesses that we acquire, particularly if they are not located near our existing operations;
- exposure to unanticipated liabilities of acquired companies or companies in which we invest;

- the potential need to write down assets or recognize impairment charges; and
- potential costly and time-consuming litigation, including stockholder lawsuits.

As a result of these or other problems and risks, businesses, technologies or products we acquire or invest in or obtain licenses to may not produce the revenues, earnings or business synergies that we anticipated, acquired or licensed product candidates or technologies, including tucatinib, may not result in regulatory approvals, and acquired or licensed products may not perform as expected. As a result, we may incur higher costs and realize lower revenues than we had anticipated. We cannot assure you that any acquisitions or investments we have made or may make in the future will be completed or that, if completed, the acquired business, licenses, investments, products, or technologies will generate sufficient revenue to offset the negative costs or other negative effects on our business. Failure to manage effectively our growth through acquisitions or in-licensing transactions could adversely affect our growth prospects, business, results of operations, financial condition, and cash flow.

In addition, we may spend significant amounts, issue dilutive securities, assume or incur significant debt obligations, incur large one-time expenses and acquire intangible assets or goodwill in connection with acquisitions and in-licensing transactions that could result in significant future amortization expense and write-offs. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business. Other pharmaceutical companies, many of which may have substantially greater financial, marketing and sales resources, compete with us for these opportunities. Even if appropriate opportunities are available, we may not be able to successfully identify them or we may not have the financial resources necessary to pursue them, and if pursued, we may be unable to structure and execute transactions in the anticipated timeframe, or at all.

Even if we are able to successfully identify and acquire complementary products, technologies or businesses, we cannot assure you that we will be able to successfully manage the risks associated with integrating acquired products, technologies or businesses or the risks arising from anticipated and unanticipated problems in connection with an acquisition or in-licensing transaction. Further, while we seek to mitigate risks and liabilities of potential acquisitions and in-licensing transactions through, among other things, due diligence, there may be risks and liabilities that such due diligence efforts fail to discover, that are not disclosed to us, or that we inadequately assess. Any failure in identifying and managing these risks, liabilities and uncertainties effectively, including in connection with the Cascadian Acquisition, could have a material adverse effect on our business and adversely affect our results of operations and financial condition. Additionally, we may not realize the anticipated benefits of such transactions, including the possibility that expected synergies and accretion will not be realized or will not be realized within the expected time frame.

To date, we have depended on a small number of collaborators for a substantial portion of our revenue. The loss of any one of these collaborators or changes in their product development or business strategy could result in a material decline in our revenue.

We have collaborations with a limited number of companies. To date, a substantial portion of our revenue has resulted from payments made under agreements with our corporate collaborators, and although ADCETRIS sales currently comprise a greater proportion of our revenue, we expect that a portion of our revenue will continue to come from corporate collaborations. Even though we market ADCETRIS in the United States and Canada, our revenues still depend in part on Takeda's ability and willingness to market ADCETRIS outside of the United States and Canada. In addition, under our agreements with Astellas, we and Astellas bear the costs of their own sales organizations in the U.S., equally share certain other costs associated with commercializing PADCEV in the U.S. and equally share in any profits realized in the U.S. The loss of our collaborators, especially Takeda or Astellas, changes in product development or business strategies of our collaborators, or the failure of our collaborators to perform their obligations under their agreements with us for any reason, including paying license or technology fees, milestone payments, royalties or reimbursements, could have a material adverse effect on our financial performance. Payments under our existing and potential future collaboration agreements are also subject to significant fluctuations in both timing and amount, which could cause our revenue to fall below the expectations of securities analysts and investors and cause a decrease in our stock price.

We are dependent upon a small number of distributors for a significant portion of our net sales, and the loss of, or significant reduction or cancellation in sales to, any one of these distributors could adversely affect our operations and financial condition.

We sell ADCETRIS and PADCEV through a limited number of specialty distributors. Health care providers order ADCETRIS and PADCEV through these distributors. We receive orders from distributors and generally ship product directly to the health care provider. We do not promote our products to these distributors and they do not set or determine demand for our products; however, our ability to effectively commercialize our products will depend, in part, on the performance of these distributors. Although we believe we can find alternative distributors on relatively short notice, the loss of a major distributor could materially and adversely affect our results of operations and financial condition.

We are subject to various state and federal and foreign laws and regulations, including healthcare, data protection and privacy laws and regulations, that may impact our business and could subject us to significant fines and penalties or other negative consequences.

Our operations may be directly or indirectly subject to various state and federal healthcare laws, including, without limitation, the federal Anti-Kickback Statute, federal civil and criminal false claims laws, the federal Health Insurance Portability and Accountability Act, or HIPAA, the federal Health Information Technology for Economic and Clinical Health Act, or HITECH, the federal civil monetary penalties statute, and the federal transparency requirements under the PPACA. These laws may impact, among other things, the sales, marketing and education programs for ADCETRIS or any future approved products.

The federal Anti-Kickback Statute prohibits persons and entities from knowingly and willingly soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a federal healthcare program such as the Medicare and Medicaid programs. Courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the statute has been violated. Additionally, PPACA amended the intent requirement of the federal Anti-Kickback Statute such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it to have committed a violation. The Anti-Kickback Statute is broad and prohibits many arrangements and practices that would otherwise be lawful in businesses outside of the healthcare industry.

The federal civil and criminal false claims laws, including the civil False Claims Act, prohibit, among other things, persons or entities from knowingly presenting, or causing to be presented, a false claim to, or the knowing use of false statements to obtain payment from or approval by the federal government, including the Medicare and Medicaid programs, or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim or to avoid, decrease, or conceal an obligation to pay money to the federal government. PPACA codified case law that provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act. Suits filed under the civil False Claims Act, known as "qui tam" actions, can be brought by any individual on behalf of the government and such individuals, commonly known as "whistleblowers," may share in any amounts paid by the entity to the government in fines or settlement. Many pharmaceutical and other healthcare companies have recently been investigated or subject to lawsuits by whistleblowers and have reached substantial financial settlements with the federal government under the civil False Claims Act for a variety of alleged improper marketing or other activities, including providing free product to customers with the expectation that the customers would bill federal programs for the product; providing consulting fees, grants, free travel, and other benefits to physicians to induce them to prescribe the company's products; and inflating prices reported to private price publication services, which are used to set drug reimbursement rates under government healthcare programs.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created additional federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false, fictitious, or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items, or services. Similar to the Anti-Kickback Statute, PPACA amended the intent requirement of the criminal healthcare fraud statutes such that a person or entity no longer needs to have actual knowledge of the statute or intent to violate it to have committed a violation.

HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, governs certain types of individuals and entities with respect to the conduct of certain electronic healthcare transactions and imposes certain obligations with respect to the security and privacy of protected health information.

The federal civil monetary penalties statute imposes penalties against any person or entity that, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

The federal transparency requirements under PPACA, known as the Physician Payments Sunshine Act, require certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program to annually report to the CMS information related to payments and other transfers of value to physicians, as defined by such law, and teaching hospitals, and physician ownership and investment interests.

Many states and foreign jurisdictions have similar laws and regulations, such as anti-kickback, anti-bribery and corruption, false claims, privacy and data protection laws, to which we are currently and/or may in the future, be subject. For example, European Union, or EU, member states and other foreign jurisdictions, including Switzerland, have adopted data protection laws and regulations which impose significant compliance obligations. Moreover, effective May 25, 2018, the collection and use of personal health data in the EU is governed by the provisions of the EU General Data Protection Regulation, or the GDPR. The GDPR, which is wide-ranging in scope, imposes several requirements relating to the control over personal data by individuals to whom the personal data relates, the information provided to the individuals, the documentation we must maintain, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of personal data. The GDPR also imposes strict rules on the transfer of personal data out of the EU, provides an enforcement authority and authorizes the imposition of large penalties for noncompliance, including the potential for fines of up to €20 million or 4% of the annual global revenues of the non-compliant company, whichever is greater. The GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information. The GDPR has increased our responsibility and potential liability in relation to all types of personal data that we process, including in clinical trials, and we may be required to put in place additional mechanisms to ensure compliance with the GDPR, which could divert management's attention and increase our cost of doing business. However, despite our ongoing efforts to bring our practices into compliance with the GDPR, we may not be successful either due to various factors within our control or other factors outside our control. It is also possible that local data protection authorities may have different interpretations of the GDPR, leading to potential inconsistencies amongst various EU member states. Any failure or alleged failure (including as a result of deficiencies in our policies, procedures or measures relating to privacy, data protection, marketing or communications) by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards or regulatory guidance relating to privacy or data protection, may result in governmental investigations and enforcement actions, litigation, fines and penalties or adverse publicity. In addition, new regulation, legislative actions or changes in interpretation of existing laws or regulations regarding privacy and data protection (together with applicable industry standards) may increase our costs of doing business. In this regard, we expect that there will continue to be new laws, regulations and industry standards relating to privacy and data protection in the United States, the EU and other jurisdictions, such as the California Consumer Privacy Act of 2018, which has been characterized as the first "GDPR-like" privacy statute to be enacted in the United States, and we cannot determine the impact such new laws, regulations and standards may have on our business. Further, Brexit has created uncertainty with regard to data protection regulation in the U.K. In particular, it is unclear whether the U.K. and EU will be able to negotiate a mutually agreeable data protection agreement that regulates data transfers between the U.K. and EU and what impact this will have on our business. We may also be subject to state laws that require manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, or other reporting and registration requirements related to our business activities. Many of these state laws differ from each other in significant ways, thus complicating compliance efforts.

The FDA and other governmental authorities also actively investigate allegations of off-label promotion activities in order to enforce regulations prohibiting these types of activities. In recent years, private whistleblowers have also pursued False Claims Act cases against a number of pharmaceutical companies for causing false claims to be submitted as a result of off-label promotion. If we are found to have promoted an approved product for off-label uses we may be subject to significant liability, including significant civil and administrative financial penalties and other remedies as well

as criminal financial penalties and other sanctions. Even when a company is not determined to have engaged in off-label promotion, the allegation from government authorities or market participants that a company has engaged in such activities could have a significant impact on the company's sales, business and financial condition. The U.S. government has also required companies to enter into complex corporate integrity agreements and/or non-prosecution agreements that impose significant reporting and other burdens on the affected companies.

We are also subject to numerous other laws and regulations that are not specific to the healthcare industry. For instance, the U.S. Foreign Corrupt Practices Act, or FCPA, prohibits companies and individuals from engaging in specified activities to obtain or retain business or to influence a person working in an official capacity. Under the FCPA, it is illegal to pay, offer to pay, or authorize the payment of anything of value to any foreign government official, governmental staff members, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls.

The number and complexity of both U.S. federal and state laws continue to increase. In addition to enforcement by governmental agencies, we also expect a continuation of the trend of private plaintiff lawsuits against pharmaceutical manufacturers under the whistleblower provisions of the civil False Claims Act and state equivalents or other laws and regulations such as securities laws and the evolution of new theories of liability under those laws and regulations. Government agencies will likely continue to intervene in such private whistleblower lawsuits and such intervention typically raises the company's cost significantly. For example, federal enforcement agencies have recently scrutinized product and patient assistance programs, including manufacturer reimbursement support services as well as relationships with specialty pharmacies. Several investigations have resulted in government enforcement authorities intervening in related whistleblower lawsuits and obtaining significant civil and criminal settlements.

In order to comply with these laws, we have implemented a compliance program to actively identify, prevent and mitigate risk through the implementation of compliance policies and systems and by promoting a culture of compliance. Although we take our obligation to maintain our compliance with these various laws and regulations seriously and our compliance program is designed to prevent the violation of these laws and regulations, we cannot guarantee that our compliance program will be sufficient or effective, that we will be able to integrate the operations of acquired businesses into our compliance program on a timely basis, that our employees will comply with our policies and that our employees will notify us of any violation of our policies, that we will have the ability to take appropriate and timely corrective action in response to any such violation, or that we will make decisions and take actions that will necessarily limit or avoid liability for whistleblower claims that individuals, such as employees or former employees, may bring against us or that governmental authorities may prosecute against us based on information provided by individuals. If we are found to be in violation of any of the laws and regulations described above or other applicable state and federal healthcare laws, we may be subject to penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, contractual damages, reputational harm, imprisonment, diminished profits and future earnings, exclusion from government healthcare reimbursement programs, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and/or the curtailment or restructuring of our operations, any of which could have a material adverse effect on our business, results of operations and growth prospects. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Moreover, achieving and sustaining compliance with applicable federal, state and foreign healthcare laws is costly and time-consuming for our management.

Changes in funding for the FDA, the SEC and other government agencies could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept payment of user fees, and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the FDA, SEC and other government agencies on which our operations may rely is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, future government shutdowns could potentially impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

As we continue to expand our operations internationally, we are subject to an increased risk of conducting activities in a manner that violates applicable anti-bribery or anti-corruption laws. We are also subject to foreign laws and regulations covering data privacy and the protection of health-related and other personal information. These laws and regulations could create liability for us or increase our cost of doing business, any of which could have a material adverse effect on our business, results of operations and growth prospects.

We are continuing to expand our operations internationally, and plan to build a commercial infrastructure in Europe. In this regard, we currently have multiple subsidiaries in foreign jurisdictions, including several subsidiaries in Europe, and plan in the future to have subsidiaries in additional jurisdictions. Our business activities outside of the United States are and will continue to be subject to the FCPA, which is described above, and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we currently and may in the future operate, including the recently established French Anti-corruption Law on Transparency, Fight against Corruption and the Modernization of the Economy, referred to as Sapin II. In Europe, national anti-corruption laws prohibit giving, offering, or promising bribes to any person, including foreign government officials and private persons, as well as requesting, agreeing to receive, or accepting bribes from any person. Various European anti-corruption laws have broad extraterritorial reach and therefore we may be subject to those laws even if we do not have an established entity in those countries and we may be held liable for bribes given, offered or promised to any person, including private persons, by employees and persons associated with us in order to obtain or retain business or a business advantage. In the course of expanding our operations internationally, we will need to establish and expand business relationships with various third parties, such as independent contractors, distributors, vendors, and advocacy groups, and we will interact with physicians, which are generally considered foreign officials in Europe, as well as with regulatory authorities who may be deemed to be foreign officials under the FCPA or similar laws of other countries that may govern our activities. Any interactions with any such parties or individuals that are found to be in violation of such laws could result in substantial fines and penalties and could materially harm our business. Furthermore, any finding of a violation under one country's laws may increase the likelihood that we will be prosecuted and be found to have violated another country's laws. If our business practices outside the United States are found to be in violation of the FCPA, the Sapin II or other similar laws, we may be subject to significant civil and criminal penalties which could have a material adverse effect on our business, results of operations and growth prospects. We are also subject to foreign laws and regulations covering data privacy and the protection of health-related and other personal information. In this regard, EU member states and other foreign jurisdictions, including Switzerland, have adopted data protection laws and regulations, such as the GDPR, which impose significant compliance obligations. Failure to comply with these laws could lead to government enforcement actions and significant penalties against us, which could have a material adverse effect on our business, results of operations and growth prospects.

Any failures or setbacks in our ADC development program would negatively affect our business and financial position.

ADCETRIS, PADCEV and our tisotumab vedotin and ladiratuzumab vedotin product candidates are all based on our ADC technology, which utilizes proprietary stable linkers and potent cell-killing synthetic agents. Our ADC technology is also the basis of our license agreements with AbbVie, Astellas, Genentech, GSK, and Progenics, and our collaboration agreements with Takeda, Astellas, and Genmab. Certain of our ADC product candidates include additional proprietary technologies that have not yet been proven in late stage clinical development. Any failures or setbacks in our ADC development program or with respect to our additional proprietary technologies, including adverse effects resulting from the use of this technology in human clinical trials and/or the imposition of additional clinical holds on our trials of any of our other product candidates, could have a detrimental impact on the continued commercialization of our products in their current or any potential future approved indications and on our internal product candidate pipeline, as well as our

ability to maintain and/or enter into new corporate collaborations regarding our ADC technology, which would negatively affect our business and financial position.

We have been and may in the future be subject to litigation, including securities-related litigation, litigation pertaining to the conduct of our business, and litigation in connection with the Cascadian Acquisition and potential future strategic transactions. Such litigation could result in substantial damages and may divert management's time and attention from our business.

In January 2017, a purported securities class action lawsuit was commenced in the United States District Court for the Western District of Washington, or the Court, naming as defendants us and certain of our officers. A related stockholder derivative lawsuit, or the Stockholder Derivative Action, was also filed in Washington Superior Court for the County of Snohomish, or the Snohomish County Superior Court, on March 29, 2017. While the class action lawsuit and the related Stockholder Derivative Action were subsequently dismissed, we may be the target of securities-related litigation in the future, both related and unrelated to the dismissed class action and Stockholder Derivative Action. Moreover, three purported stockholders of Cascadian filed a complaint seeking to inspect books and records in order to determine whether wrongdoing or mismanagement has taken place such that it would be appropriate to file claims for breach of fiduciary duty, and to investigate the independence and disinterestedness of the former Cascadian directors with respect to the Cascadian Acquisition. As a result of such complaint or otherwise, it is possible that additional lawsuits may be brought against us and/or Cascadian related to the Cascadian Acquisition.

We are also engaged in a dispute with Daiichi Sankyo regarding the ownership of certain technology used by Daiichi Sankyo in its metastatic breast cancer drug fam-trastuzumab deruxtecan-nxki (Enhertu®), among other product candidates. In addition, from time to time in the ordinary course of business we become involved in various lawsuits, claims and proceedings relating to the conduct of our business, including but not limited to those pertaining to the defense and enforcement of our patent or other intellectual property rights and our contractual rights.

These and potential future litigations are subject to inherent uncertainties, and the actual costs to be incurred relating to litigations may be impacted by unknown factors. The outcome of litigation is necessarily uncertain, and we could be forced to expend significant resources in the course of these and potential future litigations, and we may not prevail. Monitoring, defending against and pursuing legal actions can be time-consuming for our management and detract from our ability to fully focus our internal resources on our business activities, which could result in delays of our clinical trials or our development and commercialization efforts. In addition, we may incur substantial legal fees and costs in connection with these and potential future litigations. Decisions adverse to our interests in these and potential future litigations could result in the payment of substantial damages, or possibly fines, or affect our intellectual property rights and could have a material adverse effect on our cash flow, results of operations and financial position. In addition, the uncertainty associated with litigation could lead to increased volatility in our stock price.

We may need to raise additional capital that may not be available to us.

We expect to make additional capital outlays and to increase operating expenditures over the next several years as we hire additional employees, and support our development, manufacturing, commercialization, and planned global expansion, which may require us to raise additional capital. In addition, we may pursue new operations or continue the expansion of our existing operations, including with respect to our plans to build a commercial infrastructure in Europe and to otherwise continue to expand our operations internationally. Our commitment of resources to the continuing development, regulatory and commercialization activities for our products, the research, continued development and manufacturing of our product candidates, our pursuit of regulatory approvals for and preparing to potentially launch and commercialize our product candidates, and the anticipated expansion of our pipeline and operations may require us to raise additional capital. Further, we actively evaluate various strategic transactions on an ongoing basis, including licensing or otherwise acquiring complementary products, technologies or businesses, and we may require significant additional capital in order to complete or otherwise provide funding for such transactions. For example, in connection with the Cascadian Acquisition, we sold 13,269,230 shares of our common stock in an underwritten public offering with the primary use of the net proceeds used to fund the Cascadian Acquisition. We may seek additional funding through some or all of the following methods: corporate collaborations, licensing arrangements and public or private debt or equity financings. We do not know whether additional capital will be available when needed, or that, if available, we will obtain financing on terms favorable to us or our stockholders. If we are unable to raise additional funds when we need them, we may be required to delay, reduce the scope of, or eliminate one or more of our development programs, which may adversely affect our business and operations. Our future capital requirements will depend upon a number of factors, including:

- the level of sales and market acceptance of ADCETRIS, PADCEV or of any future approved products;
- the time and costs involved in obtaining regulatory approvals of our products in additional indications, if any, and potentially of tucatinib and/or any of our other product candidates;
- the size, complexity, timing, progress and number of our clinical programs and our collaborations;
- the timing, receipt and amount of milestone-based payments or other revenue from our collaborations or license arrangements, including royalty revenue generated from commercial sales of ADCETRIS by Takeda and revenue generated under our collaboration with Astellas;
- the cost of establishing and maintaining clinical supplies of our products and product candidates and commercial supplies of our current and any future approved products;
- the extent of our investment in development, manufacturing and commercialization outside the U.S.;
- the costs associated with acquisitions or licenses of additional technologies, products, or companies as well as licenses we may need to commercialize our current or any future approved products;
- the terms and timing of any future collaborative, licensing and other arrangements that we may establish;
- expenses associated with future securities class action or derivative lawsuits, as well as any other potential litigation;
- the potential costs associated with international, state and federal taxes; and
- competing technological and market developments.

In addition, changes in our spending rate may occur that would consume available capital resources sooner, such as increased development, manufacturing and clinical trial expenses in connection with our expanding pipeline programs or our undertaking of additional programs, business activities or entry into additional strategic transactions, including potential future acquisitions of products, technologies or businesses. Moreover, we may choose to raise additional capital due to market conditions or strategic considerations, even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. To the extent that we raise additional funds through collaboration and licensing arrangements, we may be required to relinquish some rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us.

During the past several years, domestic and international financial markets have experienced extreme disruption from time to time, including, among other things, high volatility and significant declines in stock prices and severely diminished liquidity and credit availability for both borrowers and investors. Such adverse capital and credit market conditions, as well as a rising interest rate environment, could make it more difficult to obtain additional capital on favorable terms, or at all, which could have a material adverse effect on our business and growth prospects.

We and our collaborators rely on license agreements for certain aspects of our products and product candidates and technologies such as our ADC technology. Failure to maintain these license agreements or to secure any required new licenses could prevent us from continuing to develop and commercialize our products and product candidates.

We have entered into agreements with third-party commercial and academic institutions to license technology for use in ADCETRIS, our product candidates and technologies such as our ADC technology. Currently, we have license agreements with BMS, the University of Miami and Array BioPharma, Inc., among others. In addition to royalty provisions, some of these license agreements contain diligence and milestone-based termination provisions, in which case our failure to meet any agreed upon royalty or diligence requirements or milestones may allow the licensor to terminate the agreement. Many of our license agreements grant us exclusive licenses to the underlying technologies. In addition, Astellas has agreements to license technology for use in PADCEV. We rely on Astellas to maintain these license agreements. If Astellas fails to maintain these license agreements, if our licensors terminate our license agreements or if we or our collaborators are unable to maintain the exclusivity of our exclusive license agreements, we may be unable to continue to develop and commercialize our products or product candidates. Further, we have had in the past, and we or our collaborators may in the future have, disputes with our licensors, which may impact our ability to develop and commercialize our products or product candidates or require us to enter into additional licenses. An adverse result in potential future disputes with our or our collaborators' licensors may impact our ability to develop and commercialize our products and product candidates, or may require us to enter into additional licenses or to incur additional costs in litigation or settlement. In addition, continued development and commercialization of our products and product candidates will likely require us to secure licenses to additional technologies. We may not be able to secure these licenses on commercially reasonable terms, if at all.

If we are unable to enforce our intellectual property rights or if we fail to sustain and further build our intellectual property rights, we may not be able to successfully commercialize our products or any future products and competitors may be able to develop competing therapies.

Our success depends, in part, on obtaining and maintaining patent protection and successfully enforcing these patents and defending them against third-party challenges in the United States and other countries. We own multiple U.S. and foreign patents and pending patent applications for our technologies. We also have rights to issued U.S. patents, patent applications, and their foreign counterparts, relating to our monoclonal antibody, linker and drug-based technologies. Our rights to these patents and patent applications are derived in part from worldwide licenses from third parties. In addition, we have licensed certain of our U.S. and foreign patents and patent applications to third parties.

The standards that the U.S. Patent and Trademark Office, or USPTO, and foreign patent offices use to grant patents are not always applied predictably or uniformly and can change. Consequently, our pending patent applications may not be allowed and, if allowed, may not contain the type and extent of patent claims that will be adequate to conduct our business as planned. Additionally, any issued patents we currently own or obtain in the future may have a shorter patent term than expected or may not contain claims that will permit us to stop competitors from using our technology or similar technology or from copying our products. Similarly, the standards that courts use to interpret patents are not always applied predictably or uniformly and may evolve, particularly as new technologies develop. In addition, changes to patent laws in the United States or other countries may be applied retroactively to affect the validity, enforceability, or term of our patent. For example, the U.S. Supreme Court has modified some legal standards applied by the USPTO in examination of U.S. patent applications, which may decrease the likelihood that we will be able to obtain patents and may increase the likelihood of challenges to patents we obtain or license. In addition, changes to the U.S. patent system have come into force under the Leahy-Smith America Invents Act, or the America Invents Act, including changes from a “first-to-invent” system to a “first to file” system, changes to examination of U.S. patent applications and changes to the processes for challenging issued patents. These changes include provisions that affect the way patent applications are being filed, prosecuted and litigated. For example, the America Invents Act enacted proceedings involving post-issuance patent review procedures, such as inter partes review, or IPR, and post-grant review and covered business methods. These proceedings are conducted before the Patent Trial and Appeal Board, or PTAB, of the USPTO. Each proceeding

has different eligibility criteria and different patentability challenges that can be raised. In this regard, the IPR process permits any person (except a party who has been litigating the patent for more than a year) to challenge the validity of some patents on the grounds that it was anticipated or made obvious by prior art. As a result, non-practicing entities associated with hedge funds, pharmaceutical companies who may be our competitors and others have challenged certain valuable pharmaceutical U.S. patents based on prior art through the IPR process. A decision in such a proceeding adverse to our interests could result in the loss of valuable patent rights which would have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any event, the America Invents Act and any other potential future changes to the U.S. patent system could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We rely on trade secrets and other proprietary information where we believe patent protection is not appropriate or obtainable. However, trade secrets and other proprietary information are difficult to protect. We have taken measures to protect our unpatented trade secrets and know-how, including the use of confidentiality and assignment of inventions agreements with our employees, consultants and certain contractors. It is possible, however, that these persons may breach the agreements or that our competitors may independently develop or otherwise discover our trade secrets or other proprietary information. Our research collaborators may publish confidential data or other restricted information to which we have rights. If we cannot maintain the confidentiality of our technology and other confidential information in connection with our collaborations, then our ability to receive patent protection or protect our proprietary information may be impaired.

We may incur substantial costs and lose important rights or may not be able to continue to commercialize our products or to commercialize any of our product candidates that may be approved for commercial sale as a result of litigation or other proceedings relating to patent and other intellectual property rights, and we may be required to obtain patent and other intellectual property rights from others.

We may face potential lawsuits by companies, academic institutions or others alleging infringement of their intellectual property. Because patent applications can take a few years to publish, there may be currently pending applications of which we are unaware that may later result in issued patents that adversely affect the continued commercialization of our products or future commercialization of our product candidates. In addition, we are monitoring the progress of multiple pending patent applications of other organizations that, if granted, may require us to license or challenge their enforceability in order to continue commercializing our products or to commercialize our product candidates that may be approved for commercial sale. Our challenges to patents of other organizations may not be successful, which may affect our ability to commercialize our products or product candidates. As a result of the patent infringement lawsuits that have been filed or may be filed against us in the future by third parties alleging infringement by us of patent or other intellectual property rights, we may be required to pay substantial damages, including lost profits, royalties, treble damages, attorneys' fees and costs, for past infringement if it is ultimately determined that our products infringe a third-party's intellectual property rights. Even if infringement claims against us are without merit, the results may be unpredictable. In addition, defending lawsuits takes significant time, may be expensive and may divert management's attention from other business concerns. Further, we may be stopped from developing, manufacturing or selling our products until we obtain a license from the owner of the relevant technology or other intellectual property rights, or be forced to undertake costly design-arounds, if feasible. If such a license is available at all, it may require us to pay substantial royalties or other fees.

We are or may be from time to time involved in the defense and enforcement of our patent or other intellectual property rights in a court of law, USPTO interference, IPR, post-grant review or reexamination proceeding, foreign opposition proceeding or related legal and administrative proceeding in the United States and elsewhere. In addition, if we choose to go to court to stop a third party from infringing our patents, that third party has the right to ask the court to rule that these patents are invalid, not infringed and/or should not be enforced. Under the America Invents Act, a third party may also have the option to challenge the validity of certain patents at the PTAB, whether they are accused of infringing our patents or not, and certain entities associated with hedge funds, pharmaceutical companies and other entities have challenged valuable pharmaceutical patents through the IPR process. These lawsuits and administrative proceedings are expensive and consume time and other resources, and we may not be successful in these proceedings or in stopping infringement. In addition, there is a risk that a court will decide that these patents are not valid or not infringed or otherwise not enforceable, or that the PTAB will decide that certain patents are not valid, and that we do not have the right to stop a third party from using the patented subject matter. Successful challenges to our patent or other intellectual property rights through these proceedings could result in a loss of rights in the relevant jurisdiction and may allow third parties to use our proprietary technologies without a license from us or our collaborators, which may also result in loss of future royalty payments. Furthermore, if such challenges to our rights are not resolved promptly in our favor, our existing business relationships may be jeopardized and we could be delayed or prevented from entering into new collaborations or from commercializing potential products, which could adversely affect our business and results of operations. In addition, we may challenge the patent or other intellectual property rights of third parties and if we are unsuccessful in actions we bring against the rights of such parties, through litigation or otherwise, and it is determined that we infringe the intellectual property rights of such parties, we may be prevented from commercializing potential products in the relevant jurisdiction, or may be required to obtain licenses to those rights or develop or obtain alternative technologies, any of which could harm our business.

If we lose our key personnel or are unable to attract and retain additional qualified personnel, our future growth and ability to compete would suffer.

We are highly dependent on the efforts and abilities of the principal members of our senior management. Additionally, we have scientific personnel with significant and unique expertise in monoclonal antibodies, ADCs and related technologies, and tucatinib. The loss of the services of any one of the principal members of our managerial or scientific staff may prevent us from achieving our business objectives.

In addition, the competition for qualified personnel in the biotechnology field is intense, and our future success depends upon our ability to attract, retain and motivate highly skilled scientific, technical and managerial employees. In order to continue to commercialize our products, and advance the development and commercialization of our additional product candidates, we will be required to expand our workforce, particularly in the areas of manufacturing, clinical trials management, regulatory affairs, business development, sales and marketing, both in the United States and in Europe. We continue to face intense competition for qualified individuals from numerous pharmaceutical and biotechnology companies, as well as academic and other research institutions, and our failure to compete effectively in this area could negatively affect our sales of our current and any future approved products. To the extent we are not able to retain these individuals on favorable terms or attract any additional personnel that may be required, our business may be harmed. For example, we may not be successful in attracting or retaining key personnel necessary to support our strategy to effectively commercialize PADCEV, to build a commercial infrastructure in Europe or to support the potential launch and commercialization of tucatinib and our other product candidates, alone or jointly with our collaborators, if we receive regulatory approval. If our commercial organization is not appropriately sized or equipped to adequately market our current and any future approved products, the commercial potential of our current and any future approved products may be diminished, and our business and prospects for profitability may be adversely affected.

Product liability and product recalls could harm our business, and we may not be able to obtain adequate insurance to protect us against product liability losses.

The current and future use of our products and product candidates by us and our corporate collaborators in clinical trials and the sale of our products, expose us to product liability claims. These claims have and may in the future be made directly by patients or healthcare providers or indirectly by pharmaceutical companies, our corporate collaborators or others selling such products. Additionally, in connection with our acquisition of the manufacturing facility from BMS, we agreed to enter into certain transitional services agreements under which we manufactured certain clinical drug product components for BMS for a period of time. As a result, it is possible that we may be named as a defendant in product liability suits that may allege that drug products we manufactured for BMS have resulted in injury to patients. We may experience substantial financial losses in the future due to product liability claims. We have obtained product liability coverage, including coverage for human clinical trials and product sold commercially. However, such insurance is subject to coverage limits and exclusions, as well as significant deductibles. In addition, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against all losses. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured amounts, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Product recalls may be issued at our discretion, or at the discretion of government agencies and other entities that have regulatory authority for pharmaceutical sales. Any recall of our products could materially adversely affect our business by rendering us unable to sell our products for some time and by adversely affecting our reputation.

Our operations involve hazardous materials and are subject to environmental, health and safety controls and regulations.

We are subject to environmental, health and safety laws and regulations, including those governing the use of hazardous materials, and we spend considerable time complying with such laws and regulations. Our business activities involve the controlled use of hazardous materials and although we take precautions to prevent accidental contamination or injury from these materials, we cannot completely eliminate the risk of using these materials. In addition, with respect to our manufacturing facility, we may incur substantial costs to comply with environmental laws and regulations and may become subject to the risk of accidental contamination or injury from the use of hazardous materials in our manufacturing process. It is also possible that our manufacturing facility may expose us to environmental liabilities associated with historical site conditions that we are not currently aware of and did not cause. In this regard, some environmental laws impose liability for contamination on current owners and operators of affected sites, regardless of fault. In the event of an accident or environmental discharge, or new or previously unknown contamination is discovered or new cleanup obligations are otherwise imposed in connection with any of our currently or previously owned or operated facilities, we may be held liable for any resulting damages, which may materially harm our business, financial condition and results of operations.

If any of our facilities are damaged or our clinical, research and development or other business processes are interrupted, our business could be seriously harmed.

We conduct most of our business in a limited number of facilities. Damage or extended periods of interruption to our corporate, development or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development of some or all of our product candidates or interrupt the sales process for our products. Although we maintain property damage and business interruption insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

If we experience a significant disruption in our information technology systems or breaches of data security, our business could be adversely affected.

We rely on information technology systems to keep financial records, capture laboratory data, maintain clinical trial data and corporate records, communicate with staff and external parties and operate other critical functions. Our information technology systems are potentially vulnerable to disruption due to breakdown, malicious intrusion and computer viruses or other disruptive events including but not limited to natural disaster. If we were to experience a prolonged system disruption in our information technology systems or those of certain of our vendors, it could delay or negatively impact the development and commercialization of our products and product candidates, which could adversely impact our business. Although we maintain offsite back-ups of our data, if operations at our facilities were disrupted, it may cause a material disruption in our business if we are not capable of restoring function on an acceptable timeframe. In addition, our information technology systems are potentially vulnerable to data security breaches—whether by employees or others—which may expose sensitive or personal data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, patients in our clinical trials, customers and others, any of which could have a material adverse effect on our business, financial condition and results of operations. Moreover, a security breach or privacy violation that leads to destruction, loss, alteration, unauthorized use or access, disclosure or modification of, personally identifiable information or personal data, could harm our reputation, compel us to comply with federal, state and/or international breach notification laws, subject us to mandatory corrective or regulatory action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect personal data, including the GDPR, which could disrupt our business, result in increased costs or loss of revenue, and/or result in significant legal and financial exposure. In addition, a data security breach could result in loss of clinical trial data or damage to the integrity of that data. If we are unable to implement and maintain adequate organizational and technical measures to prevent such security breaches or privacy violations, or to respond adequately in the event of a breach, our operations could be disrupted, and we may suffer loss of reputation, problems with regulatory authorities, financial loss and other negative consequences. Moreover, failure to maintain effective internal accounting controls related to data security breaches and cybersecurity in general could impact our ability to produce timely and accurate financial statements and could subject us to regulatory scrutiny. In addition, security breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above.

Increasing use of social media could give rise to liability.

We are increasingly relying on social media tools as a means of communications. To the extent that we continue to use these tools as a means to communicate about our products and product candidates or about the diseases that our products and our product candidates are intended to treat, there are significant uncertainties as to either the rules that apply to such communications, or as to the interpretations that health authorities will apply to the rules that exist. As a result, despite our efforts to comply with applicable rules, there is a significant risk that our use of social media for such purposes may cause us to nonetheless be found in violation of them. Such uses of social media could have a material adverse effect on our business, financial condition and results of operations.

Legislative actions and new accounting pronouncements are likely to impact our future financial position or results of operations.

Future changes in financial accounting standards may cause adverse, unexpected revenue fluctuations and affect our financial position or results of operations. New pronouncements and varying interpretations of pronouncements have occurred with frequency in the past and are expected to occur again in the future and as a result we may be required to make changes in our accounting policies. Those changes could adversely affect our reported revenues and expenses, future profitability or financial position. Compliance with new regulations regarding corporate governance and public disclosure may result in additional expenses.

The application of existing or future financial accounting standards, particularly those relating to the way we account for revenues and costs, could have a significant impact on our reported results. In addition, compliance with new regulations regarding corporate governance and public disclosure may result in additional expenses. As a result, we intend to invest all reasonably necessary resources to comply with evolving standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from science and business activities to compliance activities.

The potential future impairment of in-process research and development and goodwill related to the Cascadian Acquisition may negatively affect our results of operations and financial position.

As of December 31, 2019, we had recorded $574.7 million of in-process research and development and goodwill as a result of the Cascadian Acquisition. In-process research and development and goodwill are subject to an impairment analysis whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Additionally, goodwill and indefinite-lived assets are subject to an impairment test at least annually. Events giving rise to impairment are an inherent risk in the pharmaceutical industry and cannot be predicted. Our results of operations and financial position in future periods could be negatively impacted should future impairments of in-process research and development or goodwill occur.

Risks Related to Our Common Stock

Our stock price is volatile and our shares may suffer a decline in value.

The market price of our stock has in the past been, and is likely to continue in the future to be, very volatile. During the year ended December 31, 2019, our closing stock price fluctuated between $56.37 and $121.62 per share. As a result of fluctuations in the price of our common stock, you may be unable to sell your shares at or above the price you paid for them. The market price of our common stock may be subject to substantial volatility in response to many risk factors listed in this section, and others beyond our control, including:

- the levels of ADCETRIS and PADCEV product sales;
- announcements of FDA or foreign regulatory approval or non-approval of our products or any of our product candidates, including tucatinib, or specific label indications for or restrictions, warnings or limitations in its use, or delays in the regulatory review or approval process;
- announcements regarding the results of discovery efforts and preclinical, clinical and commercial activities by us, or those of our competitors;
- announcements regarding the results of the clinical trials we and our collaborators are conducting or may in the future conduct for our products and product candidates;
- announcements regarding, or negative publicity concerning, adverse events or safety concerns associated with the use of ADCETRIS, PADCEV or tucatinib or our other product candidates;
- issuance of new or changed analysts' reports and recommendations regarding us or our competitors;
- termination of or changes in our existing collaborations or licensing arrangements, especially our ADCETRIS collaboration with Takeda, our PADCEV collaboration with Astellas and our tisotumab vedotin collaboration with Genmab, or establishment of new collaborations or licensing arrangements;
- our failure to achieve the perceived benefits of our strategic transactions, including the Cascadian Acquisition, as rapidly or to the extent anticipated by financial analysts or investors;
- our entry into additional material strategic transactions including licensing or acquisition of products, businesses or technologies;
- actions taken by regulatory authorities with respect to our product candidates, our clinical trials or our regulatory filings;
- our raising of additional capital and the terms upon which we may raise any additional capital;
- market conditions for equity investments in general, or the biotechnology or pharmaceutical industries in particular;
- developments or disputes concerning our proprietary rights;
- developments regarding any future purported securities class action lawsuits, as well as any other potential litigation;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- changes in government regulations; and

- economic or other external factors.

The stock markets in general, and the markets for biotechnology and pharmaceutical stocks in particular, have historically experienced significant volatility that has often been unrelated or disproportionate to the operating performance of particular companies. For example, negative publicity regarding drug pricing and price increases by pharmaceutical companies has negatively impacted, and may continue to negatively impact, the markets for biotechnology and pharmaceutical stocks. Likewise, as a result of Brexit and/or significant changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade and health care spending and delivery, including the possible invalidation, repeal and/or replacement of all or portions of PPACA or changes in tariffs and other trade restrictions stemming from Trump administration and foreign government policies, the financial markets could experience significant volatility that could also negatively impact the markets for biotechnology and pharmaceutical stocks. These broad market fluctuations have adversely affected and may in the future adversely affect the trading price of our common stock.

In the past, class action or derivative litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. In this regard, we have become, and may in the future again become, subject to claims and litigation alleging violations of the securities laws or other related claims, which could harm our business and require us to incur significant costs. Lawsuits brought against us could result in substantial costs, which would hurt our financial condition and results of operations and divert management's attention and resources, which could result in delays of our clinical trials or our development and commercialization efforts.

Substantial future sales of shares of our common stock or equity-related securities could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock into the public market, including sales by members of our management or board of directors or entities affiliated with such members, could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock and could impair our ability to raise capital through the sale of additional equity or equity-related securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock. As of December 31, 2019, we had 171,993,786 shares of common stock outstanding, all of which shares are eligible for sale in the public market, subject in some cases to the volume limitations and manner of sale and other requirements under Rule 144. In addition, we may issue a substantial number of shares of our common stock or equity-related securities, including convertible debt, to meet our capital needs, including in connection with funding potential future acquisition or licensing opportunities, capital expenditures or product development costs, which issuances could be substantially dilutive and could adversely affect the market price of our common stock. Likewise, future issuances by us of our common stock upon the exercise, conversion or settlement of equity-based awards or other equity-related securities would dilute existing stockholders' ownership interest in our company and any sales in the public market of these shares, or the perception that these sales might occur, could also adversely affect the market price of our common stock.

Moreover, we have in the past and may in the future grant rights to some of our stockholders that require us to register the resale of our common stock or other securities on behalf of these stockholders and/or facilitate public offerings of our securities held by these stockholders, including in connection with potential future acquisition or capital-raising transactions. For example, in connection with our September 2015 public offering of common stock, we entered into a registration rights agreement with entities affiliated with Baker Bros. Advisors LP, or the Baker Entities, that together, based on information available to us as of December 31, 2019, collectively beneficially owned approximately 30% of our common stock. Under the registration rights agreement, if at any time and from time to time the Baker Entities demand that we register their shares of our common stock for resale under the Securities Act of 1933, as amended, or the Securities Act, we would be obligated to effect such registration. On July 26, 2018, pursuant to the registration rights agreement, we registered for resale, from time to time, up to 50,977,960 shares of our common stock held by the Baker Entities. Our registration obligations under the registration rights agreement cover all shares now held or hereafter acquired by the Baker Entities, will continue in effect for up to ten years, and include our obligation to facilitate certain underwritten public offerings of our common stock by the Baker Entities in the future. Accordingly, we expect to register additional shares held by the Baker Entities for resale from time to time, including in certain cases, shares that we have previously registered for resale by the Baker Entities, whether in connection with the expiration of registration statements that we previously filed with the SEC or otherwise. If the Baker Entities, by exercise of these registration and/or underwriting rights and our registration of shares held by the Baker Entities for resale from time to time, or otherwise, sell a large number of our shares, or the market perceives that the Baker Entities intend to sell a large number of our shares, including in connection with our registrations of shares held by the Baker Entities for resale, this could adversely affect the market price of our common stock. We have also filed registration statements to register the sale of our common stock reserved for issuance under our equity incentive and employee stock purchase plans. Accordingly, these shares will be able to be freely sold in the public market upon issuance as permitted by any applicable vesting requirements.

Our existing stockholders have significant control of our management and affairs.

Based solely on the most recent Schedules 13G and 13D filed with the SEC, reports filed with the SEC under Section 16 of the Exchange Act, and our outstanding shares of common stock as of December 31, 2019, our executive officers and directors and holders of greater than five percent of our outstanding common stock beneficially owned approximately 63% of our voting power as of December 31, 2019. As a result, these stockholders, acting together, are able to control our management and affairs and matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying, deferring or preventing a change in control, including a merger, consolidation, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control, which might affect the market price of our common stock.

Anti-takeover provisions could make it more difficult for a third party to acquire us.

Our Board of Directors has the authority to issue up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by the stockholders, which authority could be used to adopt a “poison pill” that could act to prevent a change of control of Seattle Genetics that has not been approved by our Board of Directors. The rights of the holders of common stock may be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of Seattle Genetics without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock. Further, certain provisions of our charter documents, including provisions eliminating the ability of stockholders to take action by written consent and limiting the ability of stockholders to raise matters at a meeting of stockholders without giving advance notice, may have the effect of delaying or preventing changes in control or management of Seattle Genetics, which could have an adverse effect on the market price of our stock. In addition, our charter documents provide for a classified board, which may make it more difficult for a third party to gain control of our Board of Directors. Similarly, state anti-takeover laws in Delaware and Washington related to corporate takeovers may prevent or delay a change of control of Seattle Genetics.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our headquarters are in Bothell, Washington. Our Bothell campus comprises ten leased buildings of office space that we use for laboratory, discovery, research and development and general and administrative purposes, and a biologics manufacturing facility which we own. We also have leased space in Seattle, Washington, South San Francisco, California, Mississauga, Canada, Zug, Switzerland, and Amsterdam, the Netherlands, used for general and administrative purposes. All of our significant leases include renewal options. We believe that our facilities are currently adequate to meet our needs. As we continue to expand our operations, we may need to lease or purchase additional facilities.

Item 3. Legal Proceedings

The information set forth under the heading “Contingencies” in Note 14 of the Notes to Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K is incorporated by reference into this Item 3.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Common Stock

Our common stock is traded on the Nasdaq Global Select Market under the symbol "SGEN." As of February 3, 2020, there were 172,259,645 shares of our common stock outstanding, which were held by approximately 63 holders of record.

Dividend Policy

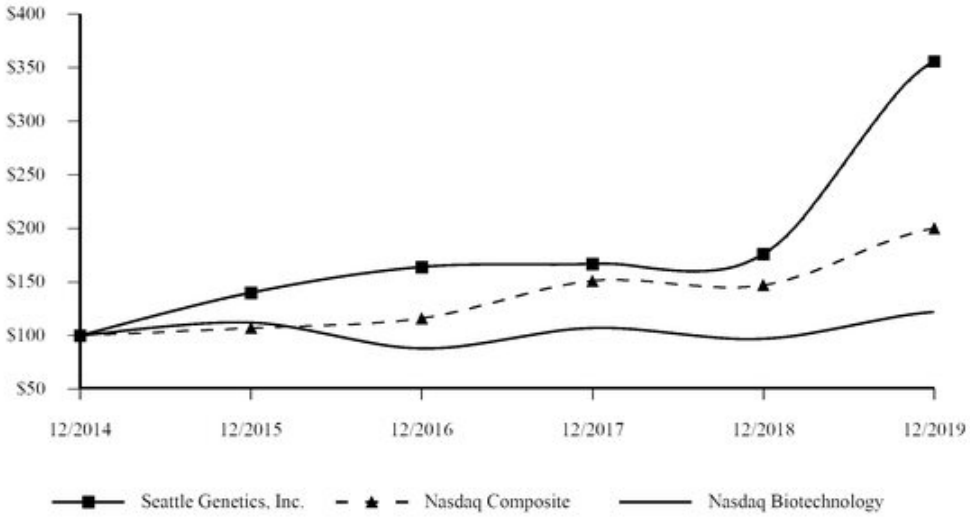
We have not paid any cash dividends on our common stock since our inception. We do not intend to pay any cash dividends in the foreseeable future, but intend to retain all earnings, if any, for use in our business operations.

Sales of Unregistered Securities and Issuer Repurchases of Securities

There were no unregistered sales of equity securities by us during 2019. In addition, we did not repurchase any of our equity securities during 2019.

Stock Performance Graph

The table below shows the cumulative total return to our stockholders during the period from December 31, 2014 through December 31, 2019 in comparison to the indicated indexes. The results assume that $100 was invested on December 31, 2014 in our common stock and each of the indicated indexes, including reinvestment of any dividends.



	December 31,					
	2014	2015	2016	2017	2018	2019
Seattle Genetics, Inc.	$ 100.00	$ 139.68	$ 164.24	$ 166.51	$ 176.35	$ 355.62
Nasdaq Composite	100.00	106.96	116.45	150.96	146.67	200.49
Nasdaq Biotechnology	100.00	111.77	87.91	106.92	97.45	121.92

This information under "Stock Performance Graph" is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of Seattle Genetics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in those filings.

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with our consolidated financial statements and notes to our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this Annual Report on Form 10-K. The selected Consolidated Statements of Comprehensive Loss data for the years ended December 31, 2019, 2018, and 2017, and Consolidated Balance Sheet data as of December 31, 2019 and 2018 have been derived from our audited financial statements appearing elsewhere in this Annual Report on Form 10-K. The selected Consolidated Statements of Comprehensive Loss data for the years ended December 31, 2016 and 2015 and Consolidated Balance Sheet data as of December 31, 2017, 2016, and 2015 have been derived from our audited financial statements that are not included in this Annual Report on Form 10-K. Historical results are not necessarily indicative of future results.

	Years ended December 31,				
	2019	2018	2017	2016	2015
	(a)	*(b)*			
	(in thousands, except for per share amounts)				
Consolidated Statements of Comprehensive Loss Data:					
Revenues:					
Net product sales	$ 627,977	$ 476,903	$ 307,562	$ 265,766	$ 226,052
Collaboration and license agreement revenues	150,245	94,357	108,632	84,926	69,770
Royalty revenues	138,491	83,440	66,056	67,455	40,980
Total revenues	916,713	654,700	482,250	418,147	336,802
Costs and expenses:					
Cost of sales	34,882	66,085	34,768	28,168	24,476
Cost of royalty revenues	9,070	22,208	19,350	14,149	12,964
Research and development	719,374	565,309	456,700	379,308	294,529
Selling, general and administrative	373,932	261,096	167,233	139,247	125,783
Total costs and expenses	1,137,258	914,698	678,051	560,872	457,752
Loss from operations	(220,545)	(259,998)	(195,801)	(142,725)	(120,950)
Investment and other income, net	61,895	13,652	36,914	2,614	464
Loss before income taxes	(158,650)	(246,346)	(158,887)	(140,111)	(120,486)
Income tax benefit	—	23,653	33,357	—	—
Net loss	$ (158,650)	$ (222,693)	$ (125,530)	$ (140,111)	$ (120,486)
Net loss per share - basic and diluted	$ (0.96)	$ (1.41)	$ (0.88)	$ (1.00)	$ (0.93)
Shares used in computation of per share amounts - basic and diluted	165,498	157,655	143,174	140,746	129,184

	December 31,				
	2019	2018	2017	2016	2015
	(a)	*(b)*			
	(in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and investments	$ 868,338	$ 459,866	$ 413,171	$ 618,974	$ 712,711
Working capital	917,284	428,523	409,932	586,132	636,793
Total assets	2,205,866	1,503,329	877,949	838,396	895,095
Stockholders' equity	1,876,287	1,273,943	677,569	634,087	685,911

(a) In July 2019, we completed an underwritten public offering of 8,214,286 shares of our common stock at a public offering price of $70.00 per share. The offering resulted in net proceeds to us of $548.7 million.

On January 1, 2019, we adopted Accounting Standards Codification, or ASC, Topic 842--Leases. We recognized $35.2 million of operating lease liabilities and $34.7 million of operating lease right-of-use assets on our consolidated balance sheet. We elected the modified retrospective method transition option, which permitted us not to restate the comparative periods presented. For additional information, refer to Note 4 of the Notes to Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K.

(b) In March 2018, we acquired Cascadian Therapeutics, Inc., or Cascadian, for a total purchase price of approximately $614.1 million. Cascadian was included in our results of operations, along with the estimated fair values of the assets acquired and liabilities assumed in the acquisition, as of the acquisition date.

In February 2018, we completed an underwritten public offering of 13,269,230 shares of our common stock at a public offering price of $52.00 per share. The offering resulted in net proceeds to us of $658.2 million. The primary use of the net proceeds received from the offering was the fund the Cascadian acquisition.

On January 1, 2018, we adopted ASC Topic 606--Revenue from Contracts with Customers. We recorded a $26.6 million cumulative effect adjustment to decrease the accumulated deficit as of January 1, 2018. We used the modified retrospective method transition option, which permitted us not to restate the comparative periods presented. For additional information, refer to Note 3 of the Notes to Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K.

On January 1, 2018, we adopted Accounting Standards Update, or ASU, "ASU 2016-01, Financial Instruments: Overall," which required, among other items, that changes in the fair value of equity securities be recorded in income or loss rather than accumulated other comprehensive income or loss in stockholders' equity. We recognized a $64.1 million cumulative effect adjustment to decrease the accumulated deficit as of January 1, 2018. We used the modified retrospective method transition option, which permitted us not to restate the comparative periods presented. For additional information, refer to the heading "Investments" in Note 2 of the Notes to the Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. All statements other than statements of historical facts are "forward-looking statements" for purposes of these provisions, including those relating to future events or our future financial performance and financial guidance. In some cases, you can identify forward-looking statements by terminology such as "may," "might," "will," "should," "expect," "plan," "anticipate," "project," "believe," "estimate," "predict," "potential," "intend" or "continue," the negative of terms like these or other comparable terminology, and other words or terms of similar meaning in connection with any discussion of future operating or financial performance. These statements are only predictions. All forward-looking statements included in this Annual Report on Form 10-K are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Any or all of our forward-looking statements in this document may turn out to be wrong. Actual events or results may differ materially. Our forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks, uncertainties and other factors. We discuss many of these risks, uncertainties and other factors in this Annual Report on Form 10-K in greater detail in "Part I Item 1A—Risk Factors." We caution investors that our business and financial performance are subject to substantial risks and uncertainties.

You should read the following discussion and analysis in conjunction with the Selected Financial Data and our consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

Overview

Seattle Genetics is a biotechnology company that develops and commercializes therapies targeting cancer. We are commercializing ADCETRIS®, or brentuximab vedotin, for the treatment of certain CD30-expressing lymphomas, and PADCEV™, or enfortumab vedotin-ejfv, for the treatment of certain metastatic urothelial cancers. Additionally, we have submitted applications to the FDA, EMA and other regulatory agencies requesting approval of tucatinib for the treatment of patients with HER2-positive metastatic breast cancer. We are also advancing a pipeline of novel therapies for solid tumors and blood-related cancers designed to address unmet medical needs and improve treatment outcomes for patients. Many of our programs, including ADCETRIS and PADCEV, are based on our antibody-drug conjugate, or ADC, technology that utilizes the targeting ability of monoclonal antibodies to deliver cell-killing agents directly to cancer cells. We are headquartered in Bothell, Washington, and have offices in California, Switzerland and the European Union.

Also refer to Part I Item 1 "Business" for more information about our products, pipeline, technologies, research programs, including key events in 2019 and 2020 to date and future plans for our clinical programs.

Outlook

We recognize revenue from ADCETRIS product sales in the U.S. and Canada and PADCEV products sales in the U.S. While ADCETRIS product sales have grown over time, and our future plans assume that sales of ADCETRIS will increase, we expect lower sales growth for ADCETRIS in 2020 as compared to growth in 2019. We cannot assure you that ADCETRIS sales will continue to grow or that we can maintain sales of ADCETRIS at or near current levels. We expect that our ability to continue to grow our ADCETRIS sales, if at all, will depend primarily on our ability to establish or demonstrate to the medical community the value of ADCETRIS and its potential advantages compared to existing and future therapeutics in its approved indications, including in the frontline Hodgkin lymphoma and PTCL indications, and the extent to which physicians make prescribing decisions with respect to ADCETRIS. Other important factors affecting ADCETRIS sales include the extent to which Takeda obtains further regulatory approvals of ADCETRIS in its territories, the incidence flow of patients eligible for treatment in ADCETRIS' approved indications, the extent to which coverage and adequate levels of reimbursement for ADCETRIS are available from governments and other third-party payors, the impact of any healthcare reform measures that may be adopted in the future, including measures that could potentially result in more rigorous coverage criteria and additional downward pressure on the price that we receive for ADCETRIS, increasing competition from competing therapies and the potential future approval of ADCETRIS in any additional indications. In addition, as a result of these and other factors, our future ADCETRIS product sales can be difficult to accurately predict from period to period.

Our ability to realize the anticipated benefits from our investment in PADCEV is subject to a number of risks and uncertainties, including our and Astellas' ability to successfully jointly launch, market and commercialize PADCEV in the U.S. in its approved indication, the extent to which we and Astellas are able to obtain regulatory approvals of PADCEV in additional indications, including in the frontline metastatic urothelial cancer setting, and in territories outside the U.S., our ability and Astellas' ability to successfully comply with rigorous post-marketing requirements, including the successful completion of the required confirmatory post-marketing study that we and Astellas are subject to as a result of an accelerated approval by the FDA, the acceptance of PADCEV by the medical community and patients, the extent to which physicians make prescribing decisions with respect to PADCEV, the incidence flow of patients eligible for treatment in PADCEV's approved indication, the duration of therapy for patients receiving PADCEV, the extent to which coverage and adequate levels of reimbursement for PADCEV are available from governments and other third-party payors, the impact of any healthcare reform measures that may be adopted in the future, including measures that could potentially result in more rigorous coverage criteria and additional downward pressure on the price that we receive for PADCEV and potential competition from competing therapies. In addition, due to the lack of any historical sales data and these factors, PADCEV sales are currently difficult to predict from period to period.

With respect to tucatinib, although we submitted an NDA to the FDA in December 2019 and submitted applications for regulatory approval in jurisdictions outside the U.S., we cannot predict whether our NDA or applications will be accepted for filing or approved by the regulatory authorities in a timely manner or at all. Even if approved for commercial sale, our ability to realize the anticipated benefits of our investment in tucatinib is subject to a number of risks and uncertainties, including our ability to successfully launch, market and commercialize any approved tucatinib indication, the acceptance of any approved tucatinib indication by the medical community and patients, competition from other therapies, and the extent to which coverage and reimbursement will be available from governments and other third-party payors. In addition, we have no prior experience as an organization launching or commercializing a product in markets outside the U.S. and Canada, which could adversely affect our ability to maximize the commercial potential of any approved tucatinib indication. Our ability to successfully launch and commercialize tucatinib in new markets will face additional risks and uncertainties, including our ability to build new commercial infrastructure and navigate unique country-by-country pricing and reimbursement requirements. The launch of tucatinib in new countries could be delayed due to a variety of factors, including supply constraints, delays in arranging a commercial infrastructure or delays in negotiating pricing and obtaining required reimbursement approvals. If we experience delays or unforeseen difficulties due to any of these factors, planned launches in the countries in question would be delayed, which could negatively impact anticipated revenue from tucatinib. In addition, if we are unable to obtain favorable pricing and reimbursement approvals in the countries that represent significant potential markets, our anticipated revenue from and growth prospects for tucatinib in Europe and other regions could be negatively affected.

The biopharmaceutical industry and the markets in which we operate are intensely competitive. Many of our competitors are working to develop or have commercialized products similar to those we market or are developing. Drug

prices are under significant scrutiny and we expect drug pricing and other health care costs to continue to be subject to intense political and societal pressures on a global basis. In addition to pricing actions and other measures being taken worldwide designed to reduce healthcare costs and limit the overall level of government expenditures, our sales and operations could also be affected by other risks of doing business internationally.

We expect that amounts earned from our collaboration agreements, including royalties, will continue to be an important source of our revenues and cash flows. These revenues will be impacted by future development funding and the achievement of development, clinical and commercial success by our collaborators under our existing collaboration and license agreements, including our ADCETRIS collaboration with Takeda and our PADCEV collaboration with Astellas, as well as by entering into potential new collaboration and license agreements.

Our ongoing research, development, manufacturing and commercial activities will require substantial amounts of capital and may not ultimately be successful. We expect that we will incur substantial expenses, and we will require significant financial resources and additional personnel in order to advance the development of, to pursue, obtain and maintain regulatory approvals for, and to commercialize our products and product candidates, and expand our pipeline. In addition, we may pursue new operations or continue the expansion of our existing operations, including with respect to our plans to build a commercial infrastructure in Europe and to otherwise continue to expand our operations internationally. As a result, we may need to raise additional capital, and our operating expenses may fluctuate as a result of such activities. We may also incur milestone payment obligations to certain of our licensors as our product candidates progress through clinical trials towards potential commercialization.

Because of the above and other factors, our results of operations may vary substantially from year to year and from quarter to quarter and, as a result, we believe that period to period comparisons of our operating results may not be meaningful and should not be relied upon as being indicative of our future performance.

Financial summary

For 2019, our total revenues increased to $916.7 million, compared to $654.7 million in 2018. This increase was driven primarily by 32% higher ADCETRIS net product sales. Net product sales of ADCETRIS increased to $627.7 million in 2019 as compared to $476.9 million in 2018, primarily driven by ADCETRIS label expansions received during 2018. Collaboration and license agreement revenues increased to $150.2 million in 2019 as compared to $94.4 million in 2018, primarily driven by the achievement of various regulatory and development milestones in 2019 as well as revenues earned under a license agreement executed in 2019. Royalty revenues increased to $138.5 million in 2019 as compared to $83.4 million in 2018, primarily driven by Takeda's achievement of a sales-based milestone during 2019.

For 2019, total costs and expenses increased to $1,137.3 million, compared to $914.7 million in 2018. This primarily reflected higher research and development expenses, due to continued investment in our late-stage pipeline, as well as higher sales, general, and administrative cost related to staffing, to support our commercialized products, and for our late-stage product candidates. For 2019, net loss of $158.7 million was favorably impacted by a net gain of $50.1 million from the change in the fair value of our equity securities.

As of December 31, 2019, we had $868.3 million in cash, cash equivalents and investments and $1.9 billion in total stockholders’ equity.

Comparability

We adopted ASC Topic 842—Leases on January 1, 2019, resulting in a change to our accounting policy for leases. We recorded a liability to make lease payments and a right-of-use asset representing our right to use the underlying assets for the applicable lease terms in our consolidated balance sheet at January 1, 2019. We used the modified retrospective method transition option. Accordingly, 2018 and 2017 comparative information has not been adjusted and continues to be reported under previous accounting standards. For additional information, refer to Note 4 of the Notes to Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K.

In March 2018, we acquired Cascadian for $10.00 per share in cash, or approximately $614.1 million. Cascadian was included in our results of operations as of the acquisition date. Accordingly, the results discussed below were impacted by the timing of this acquisition. For additional information, refer to Note 5 of the Notes to Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K.

We adopted ASC Topic 606—Revenue from Contracts with Customers on January 1, 2018, resulting in a change to our accounting policy for revenue recognition. We used the modified retrospective method transition option and recognized the cumulative effect of initially applying ASC Topic 606 as an adjustment to decrease the opening accumulated deficit at January 1, 2018. Accordingly, 2017 comparative information has not been adjusted and continues to be reported under previous accounting standards. For additional information, refer to Note 3 of the Notes to Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K.

We adopted "ASU 2016-01, Financial Instruments: Overall" on January 1, 2018, which addressed certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including that changes in the fair value of equity securities be recorded in income or loss rather than accumulated other comprehensive income or loss in stockholders' equity. We used the modified retrospective method transition option and recognized the cumulative effect of initially applying this ASU as an adjustment to decrease the opening accumulated deficit at January 1, 2018. Accordingly, 2017 comparative information has not been adjusted and continues to be reported under previous accounting standards. For additional information, see the section "Investments" in Note 2 of the Notes to Consolidated Financial Statements included in Part II Item 8 of this Annual Report on Form 10-K.

In addition, the section of this Management's Discussion and Analysis of Financial Condition and Results of Operations generally discusses 2019 and 2018 items and year-to-year comparisons between 2019 and 2018. Discussions of 2017 items and year-to-year comparisons between 2018 and 2017 that are not included in this Annual Report on Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 7, 2019.

Critical Accounting Policies

The preparation of financial statements in accordance with generally accepted accounting principles, or GAAP, requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. We believe the following critical accounting policies describe the more significant judgments and estimates used in the preparation of our financial statements.

We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions and conditions.

Revenue Recognition. Our revenues are comprised of ADCETRIS and PADCEV net product sales, amounts earned under our collaboration and licensing agreements, and royalties. Revenue recognition occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. The period between when we transfer control of promised goods or services and when we receive payment is expected to be one year or less, and that expectation is consistent with our historical experience. As such, we do not adjust our revenues for the effects of a significant financing component.

We apply significant judgment to our estimates in the following revenue recognition areas, each as discussed in more detail in the corresponding sections after this list:

- *Net product sales* - sales deductions related to government-mandated rebates and chargebacks, such as for the Medicaid and 340B programs
- *Collaboration and license agreement revenues* - assessing the probability of future reversal of variable consideration and evaluating whether contractual obligations represent distinct performance obligations
- *Royalty revenues* - estimating Takeda's net sales of ADCETRIS and Genentech's net sales of Polivy to the extent actual information is not available

Net product sales

We sell ADCETRIS through a limited number of specialty distributors in the U.S. and Canada. We and our collaboration partner Astellas jointly sell PADCEV through a limited number of specialty distributors in the U.S. Customers order our products through these distributors, and we typically ship product directly to the customer. The

delivery of our products represents a single performance obligation for these transactions and we record product sales at the point in time when title and risk of loss pass, which generally occurs upon delivery of the product to the customer. The transaction price for product sales represents the amount we expect to receive, which is net of estimated government-mandated rebates and chargebacks, distribution fees, estimated product returns, and other deductions. Accruals are established for these deductions, and actual amounts incurred are offset against applicable accruals. We reflect these accruals as either a reduction in the related account receivable from the distributor or as an accrued liability, depending on the nature of the sales deduction. Sales deductions are based on management's estimates that consider payor mix in target markets and experience to-date. These estimates involve a substantial degree of judgment. We have applied a portfolio approach as a practical expedient for estimating net product sales.

Government-mandated rebates and chargebacks: We have entered into a Medicaid Drug Rebate Agreement, or MDRA, with the Centers for Medicare & Medicaid Services. This agreement provides for a rebate based on covered purchases of our products. Medicaid rebates are invoiced to us by the various state Medicaid programs. We estimate Medicaid rebates using the expected value approach, based on a variety of factors, including payor mix and our experience to-date.

We have a Federal Supply Schedule, or FSS, agreement under which certain U.S. government purchasers receive a discount on eligible purchases of our products. In addition, we have entered into a Pharmaceutical Pricing Agreement with the Secretary of Health and Human Services, which enables certain entities that qualify for government pricing under the Public Health Services Act, or PHS, to receive discounts on their qualified purchases of our products. Under these agreements, distributors process a chargeback to us for the difference between wholesale acquisition cost and the applicable discounted price. As a result of our direct-ship distribution model, we can identify the entities purchasing our products and this information enables us to estimate expected chargebacks for FSS and PHS purchases based on the expected value of each entity's eligibility for the FSS and PHS programs. We also review historical rebate and chargeback information to further refine these estimates.

Distribution fees, product returns and other deductions: Our distributors charge a volume-based fee for distribution services that they perform for us. We allow for the return of product that is within 30 days of its expiration date or that is damaged, or within 90 days past expiration date. We estimate product returns based on our experience to-date using the expected value approach. In addition, we consider our direct-ship distribution model, our belief that product is not typically held in the distribution channel, and the expected rapid use of the product by healthcare providers. We provide financial assistance to qualifying patients that are underinsured or cannot cover the cost of commercial coinsurance amounts through SeaGen Secure. SeaGen Secure is available to patients in the U.S. and its territories who meet various financial and treatment need criteria. Estimated contributions for commercial coinsurance under SeaGen Secure are deducted from gross sales and are based on an analysis of expected plan utilization. These estimates are adjusted as necessary to reflect our actual experience.

Collaboration and license agreement revenues

We have collaboration and license agreements for our ADC technology with a number of biotechnology and pharmaceutical companies. Under these agreements, which we have entered into in the ordinary course of business, we typically receive or are entitled to receive upfront cash payments and progress- and sales-dependent milestones for the achievement by our licensees of certain events, and annual maintenance fees and support fees for research and development services and materials provided under the agreements. We also are entitled to receive royalties on net sales of any resulting products incorporating our technology. Our licensees are solely responsible for research, product development, manufacturing and commercialization of any product candidates under these collaborations, which includes the achievement of the potential milestones. Since we do not take a substantive role or control the research, development or commercialization of any products generated by our licensees, we are not able to reasonably estimate when, if at all, any potential future milestone payments or royalties may be payable to us by our licensees. As such, the potential future milestone payments associated with our collaboration and license agreements involve a substantial degree of uncertainty and risk that they may never be received. In the case of our ADCETRIS collaboration with Takeda Pharmaceutical Company Limited, or Takeda, we may be involved in certain development activities; however, the achievement of milestone events under the agreement is primarily based on activities undertaken by Takeda.

Collaboration and license agreements are initially evaluated as to whether the intellectual property licenses granted by us represent distinct performance obligations. If they are determined to be distinct, the value of the intellectual property licenses would be recognized up-front while the research and development service fees would be recognized as the performance obligations are satisfied. Variable consideration is assessed at each reporting period as to whether it is not subject to future reversal of cumulative revenue and, therefore, should be included in the transaction price. Assessing the recognition of variable consideration requires significant judgment. If a contract includes a fixed or minimum amount of research and development support, this also would be included in the transaction price. Changes to collaboration and license agreements, such as the extensions of the research term or increasing the number of targets or technology covered under an existing agreement, are assessed for whether they represent a modification or should be accounted for as a new contract.

We have concluded that the license of intellectual property in certain collaboration and license agreements is not distinct from the perspective of our customers at the time of initial transfer, since we often do not license intellectual property without related technology transfer and research and development support services. Such evaluation requires significant judgment since it is made from the customer's perspective. Our performance obligations under our collaborations may include such things as providing intellectual property licenses, performing technology transfer, performing research and development consulting services, providing reagents, ADCs, and other materials, and notifying the customer of any enhancements to licensed technology or new technology that we discover, among others. We determined our performance obligations under certain collaboration and license agreements as evaluated at contract inception were not distinct and represented a single performance obligation. For those agreements, revenue is recognized using a proportional performance model, representing the transfer of goods or services as activities are performed over the term of the agreement. Upfront payments are also amortized to revenue over the performance period. Upfront payment contract liabilities resulting from our collaborations do not represent a financing component as the payment is not financing the transfer of goods or services, and the technology underlying the licenses granted reflects research and development expenses already incurred by us.

When no performance obligations are required of us, or following the completion of the performance obligation period, such amounts are recognized upon transfer of control of the goods or services to the customer. Generally, all amounts received or due other than sales-based milestones and royalties are classified as collaboration and license agreement revenues. Sales-based milestones and royalties are recognized as royalty revenue in the period the related sale occurred.

We generally invoice our collaborators and licensees on a monthly or quarterly basis, or upon the completion of the effort or achievement of a milestone, based on the terms of each agreement. Deferred revenue arises from amounts received in advance of the culmination of the earnings process and is recognized as revenue in future periods as performance obligations are satisfied. Deferred revenue expected to be recognized within the next twelve months is classified as a current liability.

Royalty revenues and cost of royalty revenues

Royalty revenues primarily reflect amounts earned under the ADCETRIS collaboration with Takeda. These royalties include commercial sales-based milestones and sales royalties that relate predominantly to the license of intellectual property. Sales royalties are based on a percentage of Takeda’s net sales of ADCETRIS, with rates that range from the mid-teens to the mid-twenties based on annual net sales tiers. Takeda bears a portion of third-party royalty costs owed on its sales of ADCETRIS. This amount is included in royalty revenues. Cost of royalty revenues reflects amounts owed to our third-party licensors related to Takeda’s sales of ADCETRIS. These amounts are recognized in the period in which the related sales by Takeda occur and are based on estimates if actual information is not yet available. Since we do not take a substantive role or control the commercial sales of ADCETRIS by Takeda, estimating their net sales of ADCETRIS may require significant judgment to the extent actual information is not yet available.

Business combinations, including acquired in-process research and development and goodwill. We account for business combinations using the acquisition method, recording the acquisition-date fair value of total consideration over the acquisition-date fair value of net assets acquired as goodwill.

Fair value is typically estimated using an income approach based on the present value of future discounted cash flows. The significant estimates in the discounted cash flow model primarily include the discount rate, rates of future revenue growth and/or profitability of the acquired business. The discount rate considers the relevant risk associated with

business-specific characteristics and the uncertainty related to the ability to achieve the projected cash flows. Specific to in-process research and development, significant estimates primarily include the number of potential patients and the market prices of future commercial products, costs required to conduct clinical trials and commercialize future products, and estimates for the probability of success and discount rate. These estimates and the resulting valuations require significant judgment.

Accrued Liabilities. As part of the process of preparing financial statements, we estimate accrued liabilities. This process involves identifying services that have been performed on our behalf and estimating the level of services performed and the associated costs incurred for such services where we have not yet been invoiced or otherwise notified of actual cost. We record these estimates in our consolidated financial statements as of each balance sheet date. Examples of estimated accrued liabilities include amounts due to contract research organizations and other costs in conjunction with clinical trials, amounts due in conjunction with manufacturing our product candidates, third-party royalties that accrue on our sales of ADCETRIS and professional service fees, among other items.

In accruing service fees, we estimate the time period over which services will be provided and the level of effort in each period. If the actual timing of the provision of services or the level of effort varies from the estimate, we will adjust the accrual accordingly. In the event that we do not identify costs that have been incurred or we under or overestimate the level of services performed or the costs of such services, our actual liabilities would differ from such estimates. The date on which some services commence, the level of services performed on or before a given date and the cost of such services are often subjective determinations. We make judgments based upon the facts and circumstances known to us at the time and in accordance with GAAP.

Long-term Incentive Plans. We have long term incentive plans which provide eligible employees with the opportunity to receive performance-based incentive compensation, which may be comprised of cash, stock options, and/or restricted stock units. The payment of cash and the grant or vesting of equity awards are contingent upon the achievement of pre-determined regulatory milestones. We record compensation expense over the estimated service period for each milestone when we believe the milestone is considered probable, which we assess at each reporting date. Once a milestone is considered probable, we record compensation expense based on the portion of the service period elapsed to date with respect to that milestone, with a cumulative catch-up, net of estimated forfeitures, and recognize any remaining compensation expense, if any, over the remaining estimated service period.

Income Taxes. We have net deferred tax assets which are fully offset by a valuation allowance due to our determination that it is more likely than not that the deferred tax assets will not be realized. With the exception of deferred tax assets that were applied to offset the tax liability on goodwill resulting from the Cascadian Acquisition, we believe that a valuation allowance is appropriate as we have a history of net operating losses. In the event we were to determine that we would be able to realize our net deferred tax assets in the future, an adjustment to the valuation allowance would be made, a portion of which would increase income (or decrease losses) in the period in which such a determination was made. We follow the guidance related to accounting for uncertainty in income taxes, which requires the recognition of an uncertain tax position when it is more likely than not to be sustainable upon audit by the applicable taxing authority.

Results of Operations - Years Ended December 31, 2019, 2018, and 2017

Net product sales

We sell ADCETRIS in the U.S. and Canada, and sell PADCEV in the U.S.

				Percentage change	
(dollars in thousands)	**2019**	**2018**	**2017**	**2019/2018**	**2018/2017**
ADCETRIS	$ 627,733	$ 476,903	$ 307,562	32%	55%
PADCEV	244	—	—	N/A	N/A
Net product sales	$ 627,977	$ 476,903	$ 307,562	32%	55%

N/A: No amount in comparable period or not a meaningful comparison.

Net product sales increases in 2019 and 2018 as compared to prior years primarily resulted from higher ADCETRIS sales volumes during 2019 and, to a lesser extent, from the effect of price increases for ADCETRIS. Higher sales volume during 2019 was primarily driven by the label expansions of ADCETRIS; in particular, for the frontline Hodgkin lymphoma indication in March 2018, and for the frontline PTCL indication in November 2018.

PADCEV was approved for patients with locally advanced or metastatic urothelial cancer in December 2019.

We expect growth in net product sales in 2020 from 2019, driven by continued growth in ADCETRIS net product sales and the launch of PADCEV in December 2019. Our ability to increase ADCETRIS sales in future periods, if at all, will be primarily dependent on our ability to continue to expand ADCETRIS' utilization across all labeled indications of use.

Gross-to-net deductions, net of related payments and credits, were as follows:

	December 31, 2019			December 31, 2018			December 31, 2017		
(in thousands)	Rebates and chargebacks	Distribution fees, product returns and other	Total	Rebates and chargebacks	Distribution fees, product returns and other	Total	Rebates and chargebacks	Distribution fees, product returns and other	Total
Balance, beginning of year	$ 26,968	$ 5,604	$ 32,572	$ 14,374	$ 3,521	$ 17,895	$ 9,500	$ 3,198	$ 12,698
Provision related to current year sales	253,702	15,298	269,000	179,394	11,717	191,111	105,764	7,778	113,542
Adjustments for prior period sales	(392)	(464)	(856)	440	(478)	(38)	1,558	(294)	1,264
Payments/credits for current year sales	(217,905)	(11,349)	(229,254)	(155,581)	(8,248)	(163,829)	(92,947)	(5,939)	(98,886)
Payments/credits for prior year sales	(24,289)	(1,570)	(25,859)	(11,659)	(908)	(12,567)	(9,501)	(1,222)	(10,723)
Balance, end of year	$ 38,084	$ 7,519	$ 45,603	$ 26,968	$ 5,604	$ 32,572	$ 14,374	$ 3,521	$ 17,895

Government-mandated rebates and chargebacks are the most significant component of our total gross-to-net deductions and the discount percentage has been increasing. These discount percentages increased during 2019 and 2018 as a result of price increases for ADCETRIS that we instituted that exceeded the rate of inflation. The most significant portion of our gross-to-net accrual balances as of December 31, 2019 and 2018 was for Medicaid rebates. We expect future gross-to-net deductions to fluctuate based on the volume of purchases eligible for government mandated discounts and rebates, as well as changes in the discount percentage which is impacted by potential future price increases, the rate of inflation, and other factors. We expect gross-to-net deductions to increase in 2020 as compared to 2019, driven by anticipated growth in ADCETRIS and PADCEV gross sales.

Collaboration and license agreement revenues

Collaboration and license agreement revenues reflect amounts earned under product, ADC and co-development collaborations. These revenues reflect the earned portion of payments received by us for technology access and maintenance fees, milestone payments and reimbursement payments for research and development support that we provide to our collaborators.

Collaboration and license agreement revenues by collaborator were as follows:

				Percentage change	
(dollars in thousands)	2019	2018	2017	2019/2018	2018/2017
Takeda	$ 108,175	$ 58,605	$ 74,872	85%	(22)%
Other	42,070	35,752	33,760	18%	6 %
Collaboration and license agreement revenues	$ 150,245	$ 94,357	$ 108,632	59%	(13)%

Collaboration revenues from Takeda fluctuate based on changes in the recognized portion of reimbursement funding under the ADCETRIS collaboration, which are impacted by the activities each party is performing under the collaboration agreement at a given time. For example, when Takeda's level of spending on clinical collaboration activities increases above our own, our earned portion of reimbursement funding generally decreases. Additionally, we receive reimbursement for the cost of drug product supplied to Takeda for its use, the timing of which fluctuates based on Takeda's product supply needs. Collaboration revenues from Takeda can also fluctuate based on the achievement of milestones by Takeda. Collaboration revenues from Takeda in 2019 increased compared to 2018, primarily as a result of two regulatory milestones achieved totaling $37.5 million, which were related to additional approvals of ADCETRIS in frontline Hodgkin lymphoma.

Other collaboration revenues increased in 2019 as compared to 2018 due to recognition of license and collaboration agreement revenues from BeiGene, Ltd., or BeiGene, as well as development milestones from GSK and Genentech. In 2018, other collaboration revenues included the recognition of development milestones from AbbVie, Genmab, and GSK. In November 2019, we entered into a license agreement with BeiGene for one of our preclinical product candidates. Under the license agreement, we granted BeiGene development and commercialization rights to the product candidate in certain territories. Pursuant to the agreement, we received an upfront payment of $20.0 million which was recognized as collaboration and license agreement revenues during the year ended December 31, 2019, as we determined that our performance obligation under the agreement was distinct and was satisfied. We are entitled to receive potential future milestones tied to clinical and regulatory success and royalties for potential sales of the product candidate. In addition, the parties have agreed to co-fund certain future development costs.

We expect our collaboration and license agreement revenues in 2020 to decrease compared to 2019, driven by the completion of the Takeda performance period in 2019, as well as timing of milestones achieved by our collaborators. Our collaboration and license agreement revenues are impacted by the term and duration of those agreements and by progress-dependent milestones, annual maintenance fees, and reimbursement of materials and support services. Collaboration and license agreement revenues may vary substantially from year to year and quarter to quarter depending on the progress made by our collaborators with their product candidates, the level of support we provide to our collaborators, specifically to Takeda under our ADCETRIS collaboration, the timing of milestones achieved and our ability to enter into potential additional collaboration and license agreements.

Collaboration agreements

We discuss the below arrangements in greater detail under the heading "Corporate Collaborations" in Part I Item 1 of this Annual Report on Form 10-K.

Takeda ADCETRIS collaboration

We have an agreement with Takeda for the global co-development of ADCETRIS and the commercialization of ADCETRIS by Takeda in its territory. We recognize payments received from Takeda, including progress-dependent development and regulatory milestone payments, reimbursement for drug supplied, and net development cost reimbursement payments, as collaboration and license agreement revenues upon transfer of control of the goods or services over the development period. When the performance of development activities under the collaboration results in us making a reimbursement payment to Takeda, that payment reduces collaboration and license agreement revenues. We also recognize royalty revenues based on a percentage of Takeda's net sales of ADCETRIS in its territories, ranging from the mid-teens to the mid-twenties based on annual net sales tiers, as well as sales-based milestones. Takeda bears a portion of third-party royalty costs owed on its sales of ADCETRIS, which is included in royalty revenues.

Astellas PADCEV collaboration

We have a collaboration agreement with Agensys, Inc., which subsequently became an affiliate of Astellas, to jointly research, develop and commercialize ADCs for the treatment of several types of cancer. Under this collaboration, we and Astellas are co-funding all development costs for PADCEV. Cost associated with co-development activities are included in research and development expense. In 2018, we and Astellas entered into a joint commercialization agreement to govern the global commercialization of PADCEV. Gross profit share payments owed to Astellas in the U.S. under the joint commercialization agreement are recorded in cost of sales.

Genmab tisotumab vedotin collaboration

We have an agreement with Genmab to develop and commercialize ADCs for the treatment of several types of cancer, under which we previously exercised a co-development option for tisotumab vedotin. Costs associated with co-development activities are included in research and development expense.

Other collaboration and license agreements

We have other collaboration and license agreements for our ADC technology with a number of biotechnology and pharmaceutical companies. We typically receive upfront cash payments and progress- and sales-dependent milestones for the achievement by our licensees of certain events, and annual maintenance fees and support fees for research and development services and materials provided under the agreements. These amounts are recognized as revenue over the performance obligation period if the license is determined not to be distinct from other goods and services provided, or, if there is no performance obligation, upon transfer of control of the goods or services to the customer.

As of December 31, 2019, our ADC collaboration and license agreements had generated approximately $425 million, primarily in the form of upfront and milestone payments. Remaining milestone payments to us under our current ADC license and collaboration agreements could total approximately $1.7 billion if all potential product candidates achieved all of their milestone events. Of this amount, approximately $0.2 billion relates to the achievement of development milestones, approximately $0.7 billion relates to the achievement of regulatory milestones and approximately $0.8 billion relates to the achievement of commercial milestones. Since we do not control the research, development or commercialization of any of the products that would generate these milestones, we are not able to reasonably estimate when, if at all, any potential future milestone payments or royalties may be payable by our collaborators. Successfully developing a product candidate, obtaining regulatory approval and ultimately commercializing it is a significantly lengthy and highly uncertain process which entails a significant risk of failure. In addition, business combinations, changes in a collaborator's business strategy and financial difficulties or other factors could result and have resulted in a collaborator abandoning or delaying development of its product candidates. As such, the potential future milestone payments associated with our ADC collaboration agreements involve a substantial degree of risk and may never be received. Accordingly, we do not expect, and investors should not assume, that we will receive all of the potential milestone payments described above, and it is possible that we may never receive any additional significant milestone payments under these agreements.

Our collaboration agreement with Unum Therapeutics to develop and commercialize novel antibody-coupled T-cell receptor therapies for cancer was terminated in January 2020.

Royalty revenues and cost of royalty revenues

Royalty revenues primarily reflect royalties earned under the ADCETRIS collaboration with Takeda. These royalties include commercial sales-based milestones and sales royalties. Sales royalties are based on a percentage of Takeda's net sales of ADCETRIS, with rates that range from the mid-teens to the mid-twenties based on annual net sales tiers. Takeda bears third-party royalty costs owed on its sales of ADCETRIS. This amount is included in royalty revenues. Royalty revenues also reflect, to a lesser extent, amounts from Genentech earned on net sales of Polivy beginning in 2019.

Cost of royalty revenues reflects amounts owed to our third-party licensors related to Takeda's sales of ADCETRIS.

				Percentage change	
(dollars in thousands)	**2019**	**2018**	**2017**	**2019/2018**	**2018/2017**
Royalty revenues	$ 138,491	$ 83,440	$ 66,056	66 %	26%
Cost of royalty revenues	9,070	22,208	19,350	(59)%	15%

Royalty revenues increased in 2019 as compared to 2018 driven by Takeda's achievement of a $40.0 million sales-based milestone during 2019, as well as higher Takeda net sales of ADCETRIS in its territories.

Cost of royalty revenues fluctuates based on the amount of net sales of ADCETRIS by Takeda in its territories. Cost of royalty revenues decreased in 2019 compared to 2018 due to the expiration of certain third-party royalty obligations during 2018, a portion of which is paid by Takeda and is also included in royalty revenues.

We expect that royalty revenues will decrease in 2020 as compared to 2019 primarily due to the impact of the $40 million sales-based milestone earned in 2019, partially offset by royalties from anticipated increases in sales volume by Takeda.

Cost of sales

Cost of sales includes manufacturing costs of product sold, third-party royalty costs, gross profit share payments owed to Astellas pursuant to our collaboration, amortization of technology license costs, and distribution and other costs.

				Percentage change	
(dollars in thousands)	2019	2018	2017	2019/2018	2018/2017
Cost of sales	$ 34,882	$ 66,085	$ 34,768	(47)%	90%

Cost of sales decreased in 2019 as compared to 2018 primarily due to an inventory write-off of $18.1 million recorded in 2018 related to in-process production that did not meet our manufacturing specifications, as well as a reduction in amounts owed to third-party technology licensors due to the expiration of certain non-exclusive licenses in 2018, offset in part by increased ADCETRIS sales volumes.

We expect cost of sales to increase in 2020 as compared to 2019, primarily due to anticipated sales growth of PADCEV and the corresponding gross profit share payment owed to Astellas pursuant to our collaboration, as well as due to expected growth in ADCETRIS net product sales.

Research and development

				Percentage change	
(dollars in thousands)	2019	2018	2017	2019/2018	2018/2017
Research and clinical development	$ 493,186	$ 395,337	$ 291,080	25%	36%
Process sciences and manufacturing	226,188	169,972	165,620	33%	3%
Total research and development	$ 719,374	$ 565,309	$ 456,700	27%	24%

Research and clinical development expenses include personnel, occupancy and laboratory expenses, technology access fees, preclinical translational biology and *in vitro* and *in vivo* studies, IND-enabling pharmacology and toxicology studies, and external clinical trial costs including costs for clinical sites, clinical research organizations, contractors and regulatory activities associated with conducting human clinical trials. The increase in 2019 as compared to 2018 primarily reflected increases in employee-related costs and external development costs mainly to support our late-stage pipeline of product candidates.

Process sciences and manufacturing expenses include personnel and occupancy expenses, manufacturing costs for the scale-up and pre-approval manufacturing of drug product used in research and our clinical trials, and costs for drug product supplied to our collaborators. Process sciences and manufacturing expenses also include quality control and assurance activities, and storage and shipment of our product candidates. The increase in 2019 compared to 2018 primarily reflected increases in employee-related costs and external development costs mainly to support our late-stage pipeline of product candidates, as well as higher costs for drug product supplied to Takeda.

We utilize our employee and infrastructure resources across multiple research and development projects. We track human resource efforts expended on many of our programs for purposes of billing our collaborators for time incurred at agreed upon rates and for resource planning. We do not account for actual costs on a project basis as it relates to our infrastructure, facility, employee and other indirect costs; however, we do separately track significant third-party costs including clinical trial costs, manufacturing costs and other contracted service costs on a project basis. To that end, the following table shows third-party costs incurred for research, contract manufacturing of our product candidates and clinical and regulatory services, as well as pre-commercial milestone payments for in-licensed technology for ADCETRIS, PADCEV, and certain of our clinical-stage product candidates. The table also presents other costs and overhead consisting of third-party costs for our preclinical stage programs, as well as personnel, facilities, manufacturing, and other indirect costs not directly charged to development programs.

(dollars in thousands)	2019	2018	2017	Percentage change 2019/2018	Percentage change 2018/2017	5 years ended December 31, 2019
ADCETRIS (brentuximab vedotin)	$ 45,151	$ 40,435	$ 79,343	12 %	(49)%	$ 289,517
PADCEV (enfortumab vedotin-ejfv)	36,186	24,943	20,834	45 %	20 %	90,188
Tucatinib	84,277	40,739	—	107 %	N/A	125,016
Tisotumab vedotin	30,423	22,253	6,022	37 %	270 %	58,698
Ladiratuzumab vedotin	23,178	24,523	18,483	(5)%	33 %	73,512
SGN-CD33A (vadastuximab talirine)	626	3,150	34,151	(80)%	(91)%	103,083
Other clinical stage programs	26,705	32,969	37,088	(19)%	(11)%	164,823
Total third-party costs for clinical stage programs	246,546	189,012	195,921	30 %	(4)%	904,837
Other costs and overhead	472,828	376,297	260,779	26 %	44 %	1,510,383
Total research and development	$ 719,374	$ 565,309	$ 456,700	27 %	24 %	$ 2,415,220

N/A: No amount in comparable period or not a meaningful comparison.

Third-party costs for ADCETRIS increased in 2019 as compared to 2018 primarily due to higher costs for drug product supplied to Takeda, offset in part by a reduction in clinical trial activities. The cost of drug product supplied to Takeda is charged to research and development expense. We are reimbursed for the drug product, which is included in collaboration and license agreement revenues.

Third-party costs for PADCEV increased in 2019 as compared to 2018 primarily due to higher clinical trial and manufacturing expenses.

Third-party costs for tucatinib increased in 2019 as compared to 2018 due to higher clinical trial expenses, primarily for the HER2CLIMB trial, and higher manufacturing expenses.

Third-party costs for tisotumab vedotin increased in 2019 as compared to 2018 due to higher clinical trial and manufacturing expenses.

Third-party costs for ladiratuzumab vedotin decreased in 2019 as compared to 2018 primarily due to lower manufacturing expenses.

Third-party costs for other clinical stage programs were related to multiple earlier-stage development programs and were relatively consistent across 2019 and 2018.

Other costs and overhead include third-party costs of our preclinical programs and costs associated with personnel and facilities. These costs increased in 2019 as compared to 2018 due primarily to higher employee-related expenses from headcount growth and internal manufacturing costs, as well as an upfront payment to acquire a preclinical asset in 2019.

In order to advance our product candidates toward commercialization, the product candidates are tested in numerous preclinical safety, toxicology and efficacy studies. We then conduct clinical trials for those product candidates that take several years or more to complete. The length of time varies substantially based upon the type, complexity, novelty and intended use of a product candidate. We will also need to conduct additional clinical trials in order to expand labeled indications of use for our commercial products. The outcome of our clinical trials is uncertain. The cost of clinical trials may vary significantly as a result of a variety of factors, including the number of patients enrolled, patient site costs, quantity and source of drug supply required, safety and efficacy of the product candidate, and extent of regulatory efforts, among others.

We anticipate that our total research and development expenses in 2020 will increase compared to 2019 primarily due to higher costs for the continued development of our approved products and product candidates.

The risks and uncertainties associated with our research and development projects are discussed more fully in “Part I Item 1A—Risk Factors.” As a result of these risks and uncertainties, we are unable to determine with any degree of certainty the duration and completion costs of our research and development projects, anticipated completion dates, or when and to what extent we will receive cash inflows from the commercialization and sale of our products in any additional approved indications or of any of our product candidates.

Selling, general and administrative

(dollars in thousands)	2019	2018	2017	Percentage change 2019/2018	Percentage change 2018/2017
Selling, general and administrative	$ 373,932	$ 261,096	$ 167,233	43%	56%

Selling, general and administrative expenses increased in 2019 and 2018 as compared to prior years primarily due to higher staffing costs to support our commercialized products and for our late-stage product candidates.

We anticipate that selling, general and administrative expenses will increase in 2020 as compared to 2019 as we continue our commercial activities in support of the commercialization of PADCEV and ADCETRIS, pre-commercialization activities for our late-stage pipeline, and our support of general operations.

Investment and other income, net

(dollars in thousands)	2019	2018	2017	Percentage change 2019/2018	Percentage change 2018/2017
Gain on equity securities	$ 50,124	$ 7,336	$ 33,777	N/A	(78)%
Investment and other income, net	11,771	6,316	3,137	86%	101 %
Total investment and other income, net	$ 61,895	$ 13,652	$ 36,914	N/A	(63)%

N/A: No amount in comparable period or not a meaningful comparison.

Investment and other income, net includes other non-operating income and loss, such as unrealized holding gains and losses on equity securities (which primarily include common stock holdings in Immunomedics), realized gains and losses on equity and debt securities, and amounts earned on our investments in U.S. Treasury securities.

The gain on equity securities in 2019 was driven by a $50.1 million net gain from changes in the fair value of our equity securities.

Investment income reflects amounts earned on our investments in U.S. Treasury securities. Investment income increased in 2019 and 2018 compared to prior years due to a higher effective yield of our portfolio and higher investment balances as a result of the net proceeds from our July 2019 equity offering.

Income taxes

(dollars in thousands)	2019	2018	2017	Percentage change 2019/2018	Percentage change 2018/2017
Income tax benefit	$ —	$ 23,653	$ 33,357	N/A	(29)%

N/A: No amount in comparable period or not a meaningful comparison.

The income tax benefit in 2018 was related to the release of valuation allowance used to offset the deferred tax liability recorded in the purchase price allocation for the Cascadian Acquisition. The income tax benefit in 2017 related to unrealized gains on our Immunomedics common stock holding prior to the adoption ASU 2016-01, which was offset by an income tax provision for the same amount in other comprehensive income in stockholders' equity.

Liquidity and capital resources

(dollars in thousands)	December 31, 2019	2018	2017
Cash, cash equivalents and investments	$ 868,338	$ 459,866	$ 413,171
Working capital	917,284	428,523	409,932
Stockholders' equity	1,876,287	1,273,943	677,569

(dollars in thousands)	Years ended December 31, 2019	2018	2017
Cash provided by (used in):			
Operating activities	$ (163,737)	$ (203,536)	$ (118,900)
Investing activities	(277,729)	(592,630)	129,861
Financing activities	637,842	713,407	41,311

The change in net cash from operating activities from 2019 as compared to 2018 primarily was related to the change in our net loss, working capital fluctuations and changes in our non-cash expenses, all of which are highly variable.

The change in net cash from investing activities from 2019 as compared to 2018 reflected differences between the proceeds received from sale and maturity of our investments and amounts reinvested, as well as payments for business combinations. Cash used for investing activities also reflected payments for the purchases of property and equipment for all years presented. We paid $614.1 million (or $598.2 million net of the cash acquired) for the Cascadian Acquisition in March 2018, and we received $91.9 million from selling a portion of our Immunomedics common stock holdings during 2018.

The change in net cash from financing activities included proceeds from stock option exercises and our employee stock purchase plan for all years presented. Cash provided by financing activities in 2019 included $548.7 million net proceeds from our public offering in July 2019, with the primary uses for ongoing commercialization of ADCETRIS, our commercial launch activities for PADCEV, our research and development efforts to further expand the ADCETRIS label and to advance our pipeline of product candidates, as well as for general corporate purposes, including working capital. Cash provided by financing activities in 2018 included $658.2 million in net proceeds from our public offering in February 2018, with the primary use of the net proceeds used to fund the Cascadian Acquisition.

We primarily have financed our operations through the issuance of our common stock, collections from commercial sales of our products, amounts received pursuant to product collaborations and our ADC collaborations, and royalty revenues. To a lesser degree, we also have financed our operations through investment income. These financing and revenue sources have allowed us to maintain adequate levels of cash and investments.

Our cash, cash equivalents, and investments are held in a variety of non-interest bearing bank accounts and interest-bearing instruments subject to investment guidelines allowing for holdings in U.S. government and agency securities, corporate securities, taxable municipal bonds, commercial paper and money market accounts. Our investment portfolio is structured to provide for investment maturities and access to cash to fund our anticipated working capital needs. However, if our liquidity needs should be accelerated for any reason in the near term, or investments do not pay at maturity, we may be required to sell investment securities in our portfolio prior to their scheduled maturities, which may result in a loss. As of December 31, 2019, we had $811.1 million held in cash, cash equivalents and investments scheduled to mature within the next twelve months.

At our currently planned spending rates, we believe that our existing financial resources, together with product and royalty revenues, and the fees, milestone payments and reimbursements we expect to receive under our existing collaboration and license agreements, will be sufficient to fund our operations for at least the next twelve months.

We expect to make additional capital outlays and to increase operating expenditures over the next several years as we hire additional employees, and support our development, commercialization, and planned global expansion, which may require us to raise additional capital. Further, we actively evaluate various strategic transactions on an ongoing basis, including licensing or otherwise acquiring complementary products, technologies or businesses, and we may require significant additional capital in order to complete or otherwise provide funding for such transactions. We may seek additional capital through some or all of the following methods: corporate collaborations, licensing arrangements, and public or private debt or equity financings. We do not know whether additional capital will be available when needed, or that, if available, we will obtain financing on terms favorable to us or our stockholders. If we are unable to raise additional funds when we need them, our business and operations may be adversely affected.

Commitments

The following table reflects our future minimum contractual commitments as of December 31, 2019:

(dollars in thousands)	Total	2020	2021	2022	2023	2024	Thereafter
Operating leases	$ 94,039	$ 13,341	$ 14,291	$ 13,855	$ 13,757	$ 9,866	$ 28,929
Supply and other agreements	256,632	93,225	44,236	41,160	25,695	24,828	27,488
Total	$ 350,671	$ 106,566	$ 58,527	$ 55,015	$ 39,452	$ 34,694	$ 56,417

We have entered into leases for our office and laboratory facilities expiring in 2021 through 2029 that contain rate escalations and options for us to extend the leases. Operating lease obligations in the table above do not assume the exercise by us of any extension options.

Supply and other agreements primarily include non-cancelable obligations under our manufacturing, license and collaboration agreements. Further, a substantial portion of those non-cancelable obligations include minimum payments related to manufacturing our product candidates for use in our clinical trials and for commercial operations in the case of ADCETRIS.

Some of our manufacturing, license and collaboration agreements provide for periodic maintenance fees over specified time periods, profit share payments, and/or payments by us upon the achievement of development and regulatory milestones. Some of our licensing agreements obligate us to pay royalties based on net sales of products utilizing licensed technology. Such royalties and profit share payments are dependent on future product sales and are not provided for in the table above as they are dependent on events that have not yet occurred. Future milestone payments for research and pre-clinical stage development programs have not been included in the above table as the event triggering such payment or obligation has not yet occurred, which consisted of up to $1.4 billion in total potential future milestone payments to third parties under our collaboration and license agreements with these parties. These milestone payments generally become due and payable only upon the achievement of certain developmental, clinical, regulatory and/or commercial milestones. These contingent payments have not been included in the above table as the event triggering such payment or obligation has not yet occurred.

Recent accounting pronouncements

See the section “Recent accounting pronouncements” in Note 2 to the Notes to Consolidated Financial Statements in Part II Item 8 of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. We currently have holdings in U.S. Treasury securities. We do not have any outstanding derivative financial instruments in our investment portfolio. A summary of our investment securities follows:

	December 31,	
(dollars in thousands)	**2019**	**2018**
Short-term investments	$ 536,493	$ 332,486
Long-term investments	57,283	49,194
Total	$ 593,776	$ 381,680

We have estimated the effect on our investment portfolio of a hypothetical increase in interest rates by one percent to be a reduction of $3.2 million in the fair value of our investments as of December 31, 2019. In addition, a hypothetical decrease of 10% in the effective yield of our investments would reduce our expected investment income by $1.2 million over the next twelve months based on our investment balance at December 31, 2019.

Equity Price Risk

As of December 31, 2019, we held shares of Immunomedics common stock. The fair value of the common stock fluctuates based on changes in the stock price of Immunomedics. These shares were acquired in connection with a strategic transaction in 2017. Based on our shares of Immunomedics common stock held as of December 31, 2019, a hypothetical decrease of 10% in the price of Immunomedics common stock would reduce the fair value of the investment and, accordingly, increase our net loss by approximately $16.4 million.

Foreign Currency Risk

Most of our revenues and expenses are denominated in U.S. dollars and as a result, we have not experienced significant foreign currency transaction gains and losses to date. Our commercial sales in Canada are denominated in Canadian Dollars. We also had other transactions denominated in foreign currencies during the year ended December 31, 2019, primarily related to contract manufacturing and ex-U.S. clinical trial activities, and we expect to continue to do so. Our royalties from Takeda are derived from their sales of ADCETRIS in multiple countries and in multiple currencies that are converted into U.S. dollars for purposes of determining the royalty owed to us. Our primary exposure is to fluctuations in the Euro, British Pound, Canadian Dollar and Swiss Franc. We do not anticipate that foreign currency transaction gains or losses will be significant at our current level of operations. However, transaction gains or losses may become significant in the future as we continue to expand our operations internationally. We have not engaged in foreign currency hedging to date; however, we may do so in the future.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Seattle Genetics, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Seattle Genetics, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019 and the manner in which it accounts for revenue from contracts with customers and the manner in which it accounts for investments in equity securities in 2018.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Government-mandated rebates - Medicaid

As described in Note 2 to the consolidated financial statements, the Company records product sales net of estimated government-mandated rebates and chargebacks, distribution fees, estimated product returns and other deductions. Accruals are established for these deductions, and actual amounts are offset against applicable accruals. As disclosed by management, amounts accrued for rebates and chargebacks as of December 31, 2019 are $38.1 million, with the most significant portion of the accrual related to Medicaid rebates. Management estimates Medicaid rebates using the expected value approach, based on a variety of factors, including payor mix and experience to-date. Management also reviews historical rebate information to further refine these estimates.

The principal considerations for our determination that performing procedures relating to government-mandated rebates - Medicaid, is a critical audit matter are there was significant judgment by management when developing the rebate estimate, including significant assumptions related to payor mix and estimated purchases covered by the various state Medicaid programs. This led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating the audit evidence obtained relating to those assumptions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the Medicaid rebate accrual, including controls over the assumptions related to payor mix and estimated purchases covered by the various state Medicaid programs. These procedures also included, among others, testing management’s process for developing the rebate estimate; evaluating the appropriateness of the approach; testing the completeness, accuracy and relevance of data used in developing the estimate; and evaluating the significant assumptions used by management. Evaluating management’s assumptions related to payor mix and estimated purchases covered by the various state Medicaid programs involved evaluating whether the assumptions used were reasonable considering historical covered purchases and rebate processing times, expansion of state Medicaid programs, other industry data, and our testing of actual rebate claims processed by the Company.

/s/ PricewaterhouseCoopers LLP

Seattle, Washington
February 6, 2020

We have served as the Company’s auditor since 1998.

Seattle Genetics, Inc.
Consolidated Balance Sheets
(In thousands, except par value)

	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 274,562	$ 78,186
Short-term investments	536,493	332,486
Accounts receivable, net	236,001	146,281
Inventories	85,932	53,239
Prepaid expenses and other current assets	43,653	43,403
Total current assets	1,176,641	653,595
Property and equipment, net	155,491	103,820
Operating lease right-of-use assets	65,230	—
Long-term investments	57,283	49,194
In-process research and development	300,000	300,000
Goodwill	274,671	274,671
Other non-current assets	176,550	122,049
Total assets	$ 2,205,866	$ 1,503,329
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 52,292	$ 44,179
Accrued liabilities and other	207,065	147,293
Current portion of deferred revenue	—	33,600
Total current liabilities	259,357	225,072
Long-term liabilities:		
Operating lease liabilities, long-term	67,607	—
Other long-term liabilities	2,615	4,314
Total long-term liabilities	70,222	4,314
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value, 5,000 shares authorized; none issued	—	—
Common stock, $0.001 par value, 250,000 shares authorized; 171,994 shares issued and outstanding at December 31, 2019 and 160,262 shares issued and outstanding at December 31, 2018	172	160
Additional paid-in capital	3,359,124	2,598,411
Accumulated other comprehensive income (loss)	229	(40)
Accumulated deficit	(1,483,238)	(1,324,588)
Total stockholders' equity	1,876,287	1,273,943
Total liabilities and stockholders' equity	$ 2,205,866	$ 1,503,329

The accompanying notes are an integral part of these consolidated financial statements.

Seattle Genetics, Inc.
Consolidated Statements of Comprehensive Loss
(In thousands, except per share amounts)

	Years ended December 31,		
	2019	2018	2017
Revenues:			
Net product sales	$ 627,977	$ 476,903	$ 307,562
Collaboration and license agreement revenues	150,245	94,357	108,632
Royalty revenues	138,491	83,440	66,056
Total revenues	916,713	654,700	482,250
Costs and expenses:			
Cost of sales	34,882	66,085	34,768
Cost of royalty revenues	9,070	22,208	19,350
Research and development	719,374	565,309	456,700
Selling, general and administrative	373,932	261,096	167,233
Total costs and expenses	1,137,258	914,698	678,051
Loss from operations	(220,545)	(259,998)	(195,801)
Investment and other income, net	61,895	13,652	36,914
Loss before income taxes	(158,650)	(246,346)	(158,887)
Income tax benefit	—	23,653	33,357
Net loss	$ (158,650)	$ (222,693)	$ (125,530)
Net loss per share - basic and diluted	$ (0.96)	$ (1.41)	$ (0.88)
Shares used in computation of per share amounts - basic and diluted	165,498	157,655	143,174
Comprehensive loss:			
Net loss	$ (158,650)	$ (222,693)	$ (125,530)
Other comprehensive income:			
Unrealized gain on securities available-for-sale net of tax provision of $0, $0, and $33,357, respectively	204	293	63,888
Foreign currency translation gain (loss)	65	(50)	11
Total other comprehensive income	269	243	63,899
Comprehensive loss	$ (158,381)	$ (222,450)	$ (61,631)

The accompanying notes are an integral part of these consolidated financial statements.

Seattle Genetics, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount				
Balances at December 31, 2016	142,193	$ 142	$ 1,701,048	$ (63)	$ (1,067,040)	$ 634,087
Net loss	—	—	—	—	(125,530)	(125,530)
Other comprehensive income	—	—	—	63,899	—	63,899
Issuance of common stock for employee stock purchase plan	172	—	7,303	—	—	7,303
Stock option exercises	1,494	1	34,007	—	—	34,008
Restricted stock vested during the period, net	536	1	(1)	—	—	—
Share-based compensation	—	—	63,802	—	—	63,802
Balances at December 31, 2017	144,395	144	1,806,159	63,836	(1,192,570)	677,569
Net loss	—	—	—	—	(222,693)	(222,693)
Other comprehensive income	—	—	—	243	—	243
Cumulative effects of accounting changes	—	—	—	(64,119)	90,675	26,556
Issuance of common stock for employee stock purchase plan	206	—	9,190	—	—	9,190
Stock option exercises	1,800	2	45,973	—	—	45,975
Restricted stock vested during the period, net	592	1	(1)	—	—	—
Issuance of common stock	13,269	13	658,229	—	—	658,242
Share-based compensation	—	—	78,861	—	—	78,861
Balances at December 31, 2018	160,262	160	2,598,411	(40)	(1,324,588)	1,273,943
Net loss	—	—	—	—	(158,650)	(158,650)
Other comprehensive income	—	—	—	269	—	269
Issuance of common stock for employee stock purchase plan	189	—	11,600	—	—	11,600
Stock option exercises	2,432	3	77,548	—	—	77,551
Restricted stock vested during the period, net	897	1	(1)	—	—	—
Issuance of common stock	8,214	8	548,683	—	—	548,691
Share-based compensation	—	—	122,883	—	—	122,883
Balances at December 31, 2019	171,994	$ 172	$ 3,359,124	$ 229	$ (1,483,238)	$ 1,876,287

The accompanying notes are an integral part of these consolidated financial statements.

Seattle Genetics, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Years ended December 31,		
	2019	2018	2017
Operating activities:			
Net loss	$ (158,650)	$ (222,693)	$ (125,530)
Adjustments to reconcile net loss to net cash used by operating activities			
Share-based compensation	127,349	78,861	63,802
Depreciation and amortization	23,774	26,032	24,269
Amortization of premiums, accretion of discounts, and (gains) losses on debt securities	(4,916)	(2,530)	497
Amortization of right-of-use-assets	9,740	—	—
Gain on equity securities	(50,124)	(7,336)	(33,777)
Loss on disposals of property and equipment	1,853	—	—
Income tax benefit on unrealized loss on available-for-sale securities	—	—	(33,357)
Deferred income taxes	—	(23,653)	—
Changes in operating assets and liabilities:			
Accounts receivable, net	(89,720)	(45,233)	(22,846)
Inventories	(32,693)	6,739	8,146
Prepaid expenses and other assets	2,459	(14,567)	(2,170)
Lease liability	(6,660)	—	—
Deferred revenue	(33,600)	(33,913)	(16,878)
Other liabilities	47,451	34,757	18,944
Net cash used by operating activities	(163,737)	(203,536)	(118,900)
Investing activities:			
Purchases of securities	(992,976)	(512,334)	(513,016)
Proceeds from maturities of securities	786,000	398,722	653,200
Proceeds from sales of securities	—	140,352	60,056
Purchases of property and equipment	(70,753)	(21,219)	(28,722)
Acquisition of manufacturing facility	—	—	(41,657)
Acquisition of Cascadian Therapeutics, Inc., net of cash acquired	—	(598,151)	—
Net cash provided (used) by investing activities	(277,729)	(592,630)	129,861
Financing activities:			
Net proceeds from issuance of common stock	548,691	658,242	—
Proceeds from exercise of stock options and employee stock purchase plan	89,151	55,165	41,311
Net cash provided by financing activities	637,842	713,407	41,311
Net increase (decrease) in cash and cash equivalents	196,376	(82,759)	52,272
Cash and cash equivalents at beginning of year	78,186	160,945	108,673
Cash and cash equivalents at end of year	$ 274,562	$ 78,186	$ 160,945

The accompanying notes are an integral part of these consolidated financial statements.

Seattle Genetics, Inc.
Notes to Consolidated Financial Statements

1. Organization and Business

Organization

We are a biotechnology company that develops and commercializes therapies targeting cancer. Our antibody-drug conjugate, or ADC, technology utilizes the targeting ability of monoclonal antibodies to deliver cell-killing agents directly to cancer cells. We are commercializing ADCETRIS®, or brentuximab vedotin, for the treatment of several types of lymphoma, and PADCEV™, or enfortumab vedotin-ejfv, for the treatment of certain adult patients with locally advanced or metastatic urothelial cancer.

We are also advancing a pipeline of novel therapies for solid tumors and blood-related cancers designed to address unmet medical needs and improve treatment outcomes for patients.

Capital requirements

To execute our growth plans, we may need to seek additional funding through public or private financings, including debt or equity financings, and through other means, including collaborations and license agreements. If we cannot maintain adequate funds, we may be required to borrow funds, delay, reduce the scope of or eliminate one or more of our development programs. Additional financing may not be available when needed, or if available, we may not be able to obtain financing on favorable terms.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying consolidated financial statements reflect the accounts of Seattle Genetics, Inc. and its wholly-owned subsidiaries (collectively "Seattle Genetics," "we," "our," or "us"). The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. All intercompany transactions and balances have been eliminated. We acquired Cascadian Therapeutics, Inc., or Cascadian, in March 2018, as further described in Note 5. Management has determined that we operate in one segment: the development and sale of pharmaceutical products on our own behalf or in collaboration with others. Substantially all of our assets and revenues are related to operations in the U.S.; however, we have multiple subsidiaries in foreign jurisdictions, including several subsidiaries in Europe.

Use of estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates, assumptions, and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Estimates include those used for revenue recognition, valuation of investments, inventory valuation, business combinations, accrued liabilities (including those related to the long-term incentive plans, clinical trials and contingencies), stock option valuation, and valuation allowance for deferred tax assets.

Reclassifications

We reclassified certain prior year balances on our consolidated statements of cash flows to conform to current year presentation. Those balances related to other long-term liabilities and accounts payable and accrued liabilities. These reclassifications had no effect on our net cash used by operating activities or our consolidated statements of comprehensive loss.

Cash and cash equivalents

We consider all highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents.

Non-cash activities

We had $11.1 million and $4.6 million of accrued capital expenditures as of December 31, 2019 and 2018, respectively. Accrued capital expenditures have been treated as a non-cash investing activity and, accordingly, have not been included in the consolidated statement of cash flows until such amounts have been paid in cash. During the year ended December 31, 2019, we recorded $40.3 million of right-of-use assets in exchange for lease liabilities, which has been treated as a non-cash operating activity. See Note 4 for additional information.

Investments

We hold certain equity securities that we acquired in connection with strategic agreements, which are reported at estimated fair value. Changes in the fair value of equity securities are recorded in income or loss. We adopted Accounting Standards Update, or ASU, "ASU 2016-01, Financial Instruments: Overall" on January 1, 2018, which addressed certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including that changes in the fair value of equity securities be recorded in income or loss rather than accumulated other comprehensive income or loss in stockholders' equity. The cost of equity securities for purposes of computing gains and losses is based on the specific identification method. We used the modified retrospective method transition option and recognized a $64.1 million cumulative effect of initially applying this ASU as an adjustment to decrease the opening accumulated deficit at January 1, 2018. Accordingly, 2017 comparative information has not been adjusted and continues to be reported under previous accounting standards. The implementation of this standard increased the volatility of net income or loss to the extent that we continue to hold equity securities.

We invest our available cash primarily in debt securities. These debt securities are classified as available-for-sale, which are reported at estimated fair value with unrealized gains and losses included in accumulated other comprehensive income and loss in stockholders' equity. Realized gains, realized losses and declines in the value of debt securities judged to be other-than-temporary are included in investment and other income, net. The cost of debt securities for purposes of computing realized and unrealized gains and losses is based on the specific identification method. Amortization of premiums and accretion of discounts on debt securities are included in investment and other income, net. Interest and dividends earned are included in investment and other income, net. We classify investments in debt securities maturing within one year of the reporting date, or where management's intent is to use the investments to fund current operations or to make them available for current operations, as short-term investments.

If the estimated fair value of a debt security is below its carrying value, we evaluate whether it is more likely than not that we will sell the security before its anticipated recovery in market value and whether evidence indicating that the cost of the investment is recoverable within a reasonable period of time outweighs evidence to the contrary. We also evaluate whether or not we intend to sell the investment. If the impairment is considered to be other-than-temporary, the security is written down to its estimated fair value. In addition, we consider whether credit losses exist for any securities. A credit loss exists if the present value of cash flows expected to be collected is less than the amortized cost basis of the security. Other-than-temporary declines in estimated fair value and credit losses are included in investment and other income, net.

Derivative financial instruments

We account for financial instruments as derivatives when the instrument includes an underlying and notional amount or payment provision, an initial net investment, and a net settlement. Derivative financial instruments are measured at fair value on the issuance date and are revalued on each subsequent balance sheet date. We use the Black-Scholes model using observable market inputs to estimate the fair value of derivatives. The changes in estimated fair value are recognized as current period income or loss. We do not hold derivative instruments for trading or speculative purposes and had no derivative instruments outstanding as of December 31, 2019 or 2018.

Fair value of financial instruments

The recorded amounts of certain financial instruments, including cash and cash equivalents, interest receivable, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. Investments that are classified as available-for-sale are recorded at estimated fair value. The estimated fair value for securities held is determined using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Leases

We adopted Accounting Standards Codification, or ASC, Topic 842--Leases on January 1, 2019, resulting in a change to our accounting policy for leases. We recorded a liability to make lease payments and a right-of-use asset representing our right to use the underlying assets for the applicable lease terms in our consolidated balance sheet. We used the modified retrospective method transition option. Accordingly, 2018 and 2017 comparative information has not been adjusted and continues to be reported under previous accounting standards.

We elected the "package of practical expedients", which permitted us not to reassess under the standard our prior conclusion about lease identification, lease classification and initial direct cost. We also elected the practical expedient to not separate lease and non-lease components for our real estate leases, and elected the short-term lease recognition exemption for our short-term leases, which allows us not to recognize lease liabilities and right-of-use assets on our consolidated balance sheet for leases with an original term of twelve months or less.

The standard had a material impact on our consolidated balance sheet, did not have an impact on our consolidated statement of comprehensive loss, and there was no cumulative-effect adjustment to the opening accumulated deficit in the period of adoption. See Note 4 for additional information.

We determine if an arrangement is a lease at inception date. All of our leases are classified as operating leases. Operating lease liabilities and the corresponding right-of-use assets are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The operating lease right-of-use asset also excludes lease incentives and initial direct costs incurred. As our existing leases do not contain an implicit interest rate, we estimate our incremental borrowing rate based on information available at commencement date in determining the present value of future payments. We include options to extend the lease in our lease liability and right-of-use asset when it is reasonably certain that we will exercise that option. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Variable lease cost primarily includes building operating expenses as charged to us by our landlords.

Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. For our short-term leases, we recognize lease payments as an expense on a straight-line base over the lease term.

Inventories

We consider regulatory approval of product candidates to be uncertain. Accordingly, we charge manufacturing costs to research and development expense until such time as a product has received regulatory approval for commercial sale. Production costs for our marketed products are capitalized into inventory. Inventory that is deployed for clinical, research or development use is charged to research and development expense when it is no longer available for commercial sales. Production costs for our other product candidates continue to be charged to research and development expense.

We value our inventories at the lower of cost or market value. Cost is determined on a specific identification basis. Inventory includes the cost of materials, third-party contract manufacturing and overhead associated with the production of our commercialized products. In the event that we identify excess, obsolete or unsalable inventory, its value is written down to net realizable value.

Property and equipment

Property and equipment are stated at cost. Land is not depreciated, while all other property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

	Years
Building	30
Laboratory and manufacturing equipment	5-15
Furniture and fixtures	5
Computers, software and office equipment	3

Leasehold improvements are amortized over the shorter of the remaining term of the applicable lease or the useful life of the asset. Gains and losses from the disposal of property and equipment are reflected in income or loss at the time of disposition and have not been significant. Expenditures for additions and improvements to our facilities are capitalized and expenditures for maintenance and repairs are charged to expense as incurred.

Business combinations, including acquired in-process research and development and goodwill

We account for business combinations using the acquisition method, recording the acquisition-date fair value of total consideration over the acquisition-date fair value of net assets acquired as goodwill.

Fair value is typically estimated using an income approach based on the present value of future discounted cash flows. The significant estimates in the discounted cash flow model primarily include the discount rate, and rates of future revenue and expense growth and/or profitability of the acquired business. The discount rate considers the relevant risk associated with business-specific characteristics and the uncertainty related to the ability to achieve the projected cash flows. We may record adjustments to the fair values of assets acquired and liabilities assumed within the measurement period (up to one year from the acquisition date).

In-process research and development assets are accounted for as indefinite-lived intangible assets and maintained on the balance sheet until either the underlying project is completed or the asset becomes impaired. If the project is completed, the carrying value of the related intangible asset is amortized to cost of sales over the remaining estimated life of the asset beginning in the period in which the project is completed. If the asset becomes impaired or is abandoned, the carrying value of the related intangible asset is written down to its fair value and an impairment charge is recorded in the period in which the impairment occurs.

We evaluate indefinite-lived intangible assets and goodwill for impairment annually, as of October 1, or more frequently when events or circumstances indicate that impairment may have occurred. As part of the impairment evaluation, we may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the indefinite-lived intangible asset or the reporting unit (for goodwill) is less than its carrying value, we then would proceed with the quantitative impairment test to compare the fair value to the carrying value and record an impairment charge if the carrying value exceeds the fair value.

Acquisition-related costs, including banking, legal, accounting, valuation, and other similar costs, are expensed in the period in which the costs are incurred. The results of operations of the acquired business are included in the consolidated financial statements from the acquisition date.

Impairment of long-lived assets (other than acquired in-process research and development and goodwill)

We assess the impairment of long-lived assets, primarily property and equipment, whenever events or changes in business circumstances indicate that the carrying amounts of the assets may not be fully recoverable. When such events occur, we determine whether there has been an impairment in value by comparing the asset's carrying value with its fair value, as measured by the anticipated undiscounted net cash flows of the asset. If an impairment in value exists, the asset is written down to its estimated fair value. We have not recognized any impairment losses through December 31, 2019 as there have been no events warranting an impairment analysis. Our long-lived assets are primarily located in the U.S.

Revenue recognition

We adopted ASC Topic 606--Revenue from Contracts with Customers on January 1, 2018, resulting in a change to our accounting policy for revenue recognition. We used the modified retrospective method transition option and recognized the cumulative effect of initially applying ASC Topic 606 as an adjustment to decrease the opening accumulated deficit at January 1, 2018. Accordingly, 2017 comparative information has not been adjusted and continues to be reported under previous accounting standards. See Note 3 for additional information.

Our revenues are comprised of ADCETRIS and PADCEV net product sales, amounts earned under our collaboration and licensing agreements, and royalties. Revenue recognition occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services. The period between when we transfer control of promised goods or services and when we receive payment is expected to be one year or less, and that expectation is consistent with our historical experience. As such, we do not adjust our revenues for the effects of a significant financing component.

Net product sales

We sell ADCETRIS through a limited number of specialty distributors in the U.S. and Canada. We and our collaboration partner Astellas jointly sell PADCEV through a limited number of specialty distributors in the U.S. Customers order our products through these distributors, and we typically ship product directly to the customer. The delivery of our products represents a single performance obligation for these transactions and we record product sales at the point in time when title and risk of loss pass, which generally occurs upon delivery of the product to the customer. The transaction price for product sales represents the amount we expect to receive, which is net of estimated government-mandated rebates and chargebacks, distribution fees, estimated product returns, and other deductions. Accruals are established for these deductions, and actual amounts incurred are offset against applicable accruals. We reflect these accruals as either a reduction in the related account receivable from the distributor or as an accrued liability, depending on the nature of the sales deduction. Sales deductions are based on management's estimates that consider payor mix in target markets and experience to-date. These estimates involve a substantial degree of judgment. We have applied a portfolio approach as a practical expedient for estimating net product sales.

Government-mandated rebates and chargebacks: We have entered into a Medicaid Drug Rebate Agreement, or MDRA, with the Centers for Medicare & Medicaid Services. This agreement provides for a rebate based on covered purchases of our products. Medicaid rebates are invoiced to us by the various state Medicaid programs. We estimate Medicaid rebates using the expected value approach, based on a variety of factors, including payor mix and our experience to-date.

We have a Federal Supply Schedule, or FSS, agreement under which certain U.S. government purchasers receive a discount on eligible purchases of our products. In addition, we have entered into a Pharmaceutical Pricing Agreement with the Secretary of Health and Human Services, which enables certain entities that qualify for government pricing under the Public Health Services Act, or PHS, to receive discounts on their qualified purchases of our products. Under these agreements, distributors process a chargeback to us for the difference between wholesale acquisition cost and the applicable discounted price. As a result of our direct-ship distribution model, we can identify the entities purchasing our products and this information enables us to estimate expected chargebacks for FSS and PHS purchases based on the expected value of each entity's eligibility for the FSS and PHS programs. We also review historical rebate and chargeback information to further refine these estimates.

Distribution fees, product returns and other deductions: Our distributors charge a volume-based fee for distribution services that they perform for us. We allow for the return of product that is within 30 days of its expiration date or that is damaged, or within 90 days past expiration date. We estimate product returns based on our experience to-date using the expected value approach. In addition, we consider our direct-ship distribution model, our belief that product is not typically held in the distribution channel, and the expected rapid use of the product by healthcare providers. We provide financial assistance to qualifying patients that are underinsured or cannot cover the cost of commercial coinsurance amounts through SeaGen Secure. SeaGen Secure is available to patients in the U.S. and its territories who meet various financial and treatment need criteria. Estimated contributions for commercial coinsurance under SeaGen Secure are deducted from gross sales and are based on an analysis of expected plan utilization. These estimates are adjusted as necessary to reflect our actual experience.

Collaboration and license agreement revenues

We have collaboration and license agreements for our ADC technology with a number of biotechnology and pharmaceutical companies. Under these agreements, which we have entered into in the ordinary course of business, we typically receive or are entitled to receive upfront cash payments and progress- and sales-dependent milestones for the achievement by our licensees of certain events, and annual maintenance fees and support fees for research and development services and materials provided under the agreements. We also are entitled to receive royalties on net sales of any resulting products incorporating our technology. Our licensees are solely responsible for research, product development, manufacturing and commercialization of any product candidates under these collaborations, which includes the achievement of the potential milestones. Since we do not take a substantive role or control the research, development or commercialization of any products generated by our licensees, we are not able to reasonably estimate when, if at all, any potential future milestone payments or royalties may be payable to us by our licensees. As such, the potential future milestone payments associated with our collaboration and license agreements involve a substantial degree of uncertainty and risk that they may never be received. In the case of our ADCETRIS collaboration with Takeda Pharmaceutical Company Limited, or Takeda, we may be involved in certain development activities; however, the achievement of milestone events under the agreement is primarily based on activities undertaken by Takeda.

Collaboration and license agreements are initially evaluated as to whether the intellectual property licenses granted by us represent distinct performance obligations. If they are determined to be distinct, the value of the intellectual property licenses would be recognized up-front while the research and development service fees would be recognized as the performance obligations are satisfied. Variable consideration is assessed at each reporting period as to whether it is not subject to future reversal of cumulative revenue and, therefore, should be included in the transaction price. Assessing the recognition of variable consideration requires significant judgment. If a contract includes a fixed or minimum amount of research and development support, this also would be included in the transaction price. Changes to collaboration and license agreements, such as the extensions of the research term or increasing the number of targets or technology covered under an existing agreement, are assessed for whether they represent a modification or should be accounted for as a new contract.

We have concluded that the license of intellectual property in certain collaboration and license agreements is not distinct from the perspective of our customers at the time of initial transfer, since we often do not license intellectual property without related technology transfer and research and development support services. Such evaluation requires significant judgment since it is made from the customer's perspective. Our performance obligations under our collaborations may include such things as providing intellectual property licenses, performing technology transfer, performing research and development consulting services, providing reagents, ADCs, and other materials, and notifying the customer of any enhancements to licensed technology or new technology that we discover, among others. We determined our performance obligations under certain collaboration and license agreements as evaluated at contract inception were not distinct and represented a single performance obligation. For those agreements, revenue is recognized using a proportional performance model, representing the transfer of goods or services as activities are performed over the term of the agreement. Upfront payments are also amortized to revenue over the performance period. Upfront payment contract liabilities resulting from our collaborations do not represent a financing component as the payment is not financing the transfer of goods or services, and the technology underlying the licenses granted reflects research and development expenses already incurred by us.

When no performance obligations are required of us, or following the completion of the performance obligation period, such amounts are recognized upon transfer of control of the goods or services to the customer. Generally, all amounts received or due other than sales-based milestones and royalties are classified as collaboration and license agreement revenues. Sales-based milestones and royalties are recognized as royalty revenue in the period the related sale occurred.

We generally invoice our collaborators and licensees on a monthly or quarterly basis, or upon the completion of the effort or achievement of a milestone, based on the terms of each agreement. Deferred revenue arises from amounts received in advance of the culmination of the earnings process and is recognized as revenue in future periods as performance obligations are satisfied. Deferred revenue expected to be recognized within the next twelve months is classified as a current liability.

Royalty revenues and cost of royalty revenues

Royalty revenues primarily reflect amounts earned under the ADCETRIS collaboration with Takeda. These royalties include commercial sales-based milestones and sales royalties that relate predominantly to the license of intellectual

property. Sales royalties are based on a percentage of Takeda's net sales of ADCETRIS, with rates that range from the mid-teens to the mid-twenties based on annual net sales tiers. Takeda bears a portion of third-party royalty costs owed on its sales of ADCETRIS. This amount is included in royalty revenues. Cost of royalty revenues reflects amounts owed to our third-party licensors related to Takeda's sales of ADCETRIS. These amounts are recognized in the period in which the related sales by Takeda occur. Royalty revenues also reflect amounts from Genentech earned on net sales of Polivy.

Research and development expenses

Research and development, or R&D, expenses consist of salaries, benefits and other headcount-related costs of our R&D staff, preclinical activities, clinical trials and related manufacturing costs, lab supplies, contract and outside service fees and facilities and overhead expenses for research, development and preclinical studies focused on drug discovery, development and testing. R&D activities are expensed as incurred.

Clinical trial expenses are a significant component of research and development expenses, and we outsource a significant portion of these costs to third parties. Third-party clinical trial expenses include investigator fees, site costs, clinical research organization costs, and costs for central laboratory testing and data management. Costs associated with activities performed under co-development collaborations are reflected in R&D expense. In-licensing fees, milestones, maintenance fees and other costs to acquire technologies utilized in R&D for product candidates that have not yet received regulatory approval and that are not expected to have alternative future use are expensed when incurred. Non-refundable advance payments for goods or services that will be used or rendered for future R&D activities are capitalized and recognized as expense as the related goods are delivered or the related services are performed. This results in the temporary deferral of recording expense for amounts incurred for research and development activities from the time payments are made until the time goods or services are provided.

Advertising

Advertising costs are expensed as incurred. We incurred $33.5 million, $26.6 million, and $13.8 million in advertising expenses during 2019, 2018, and 2017, respectively.

Concentration of credit risk

Cash, cash equivalents and investments are invested in accordance with our investment policy. The policy includes guidelines for the investment of cash reserves and is reviewed periodically to minimize credit risk. Most of our investments are in U.S. Treasury securities and are not federally insured. We have accounts receivable from the sale of our products from a small number of distributors, and from our collaborators. We do not require collateral on amounts due from our distributors or our collaborators and are therefore subject to credit risk. We have not experienced any significant credit losses to date as a result of credit risk concentration and do not consider an allowance for doubtful accounts to be necessary.

Major customers

We sell our products through a limited number of distributors. Certain of these distributors, together with entities under their common control, each individually accounted for greater than 10% of total revenues and greater than 10% of accounts receivable as noted below. In addition, one of our collaborators accounted for greater than 10% of total revenues and accounts receivable as noted below. Revenues generated outside the U.S., as determined by customer location, were less than 10% of total revenues for all years presented.

The following table presents each major distributor or collaborator that comprised more than 10% of total revenue:

	Years ended December 31,		
	2019	2018	2017
Distributor A	26%	28%	23%
Distributor B	21%	22%	19%
Distributor C	18%	20%	18%
Takeda	27%	21%	29%

The following table presents each major distributor or collaborator that accounted for more than 10% of accounts receivable:

	December 31,	
	2019	2018
Distributor A	24%	32%
Distributor B	19%	21%
Distributor C	16%	23%
Takeda	33%	20%

Major suppliers

The use of a relatively small number of contract manufacturers to supply drug necessary for our commercial operations and clinical trials creates a concentration of risk for us. We rely on Astellas to supply PADCEV for commercial sales and for our clinical trials, and Astellas oversees the manufacturing supply chain for PADCEV. While primarily one source of supply is utilized for certain components of ADCETRIS, PADCEV, and each of our product candidates, other sources are available should we need to change suppliers. We also endeavor to maintain reasonable levels of drug supply for our use. A change in suppliers, however, could cause a delay in delivery of drug which could result in the interruption of commercial operations or clinical trials. Such an event would adversely affect our business.

Income taxes

We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using tax rates in effect for the year in which the differences are expected to reverse. We have provided a valuation allowance against our deferred tax assets for all periods presented. A valuation allowance is recorded when it is more likely than not that the net deferred tax asset will not be realized. We follow the guidance related to accounting for uncertainty in income taxes, which requires the recognition of an uncertain tax position when it is more likely than not to be sustainable upon audit by the applicable taxing authority.

Share-based compensation

We use the graded-vesting attribution method for recognizing compensation expense for our stock options and restricted stock units, or RSUs. Compensation expense is recognized over the requisite service periods on awards ultimately expected to vest and reduced for forfeitures that are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. For performance-based stock options and RSUs, we record compensation expense over the estimated service period once the achievement of the performance-based milestone is considered probable. At each reporting date, we assess whether achievement of a milestone is considered probable, and if so, record compensation expense based on the portion of the service period elapsed to date with respect to that milestone, with a cumulative catch-up, net of estimated forfeitures. We will recognize remaining compensation expense with respect to a milestone, if any, over the remaining estimated service period.

Long-term incentive plans

We have established Long-Term Incentive Plans, or LTIPs. The LTIPs provide eligible employees with the opportunity to receive performance-based incentive compensation, which may be comprised of cash, stock options, and/or RSUs. The payment of cash and the grant and/or vesting of equity are contingent upon the achievement of pre-determined regulatory milestones. We record compensation expense over the estimated service period for each milestone subject to the achievement of the milestone being considered probable in accordance with the provisions of ASC Topic 450--Contingencies. At each reporting date, we assess whether achievement of a milestone is considered probable and, if so, record compensation expense based on the portion of the service period elapsed to date with respect to that milestone, with a cumulative catch-up, net of estimated forfeitures. We recognize compensation expense with respect to a milestone over the remaining estimated service period.

The total estimate of unrecognized compensation expense could change in the future for several reasons, including the addition or termination of employees, the recognition of LTIP compensation expense, or the addition, termination, or modification of an LTIP.

Comprehensive loss

Comprehensive loss is the change in stockholders' equity from transactions and other events and circumstances other than those resulting from investments by stockholders and distributions to stockholders. Our comprehensive loss is comprised of net loss, unrealized gains and losses on available-for-sale investments prior to the adoption of ASU 2016-01 in 2018, and foreign currency translation adjustments, net of any applicable income taxes.

Loss contingencies

We are involved in various legal proceedings in the normal course of business. A loss contingency is recorded if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We evaluate, among other factors, the probability of an unfavorable outcome and our ability to make a reasonable estimate and the amount of the ultimate loss. Loss contingencies that are determined to be reasonably possible, but not probable, are disclosed but not recorded. Legal fees incurred as a result of our involvement in legal procedures are expensed as incurred.

Certain risks and uncertainties

Our revenues are derived from net product sales, royalties, and from collaboration and license agreements. Our products are subject to regulation by the FDA in the U.S. and other regulatory agencies outside the U.S. as well as competition by other pharmaceutical companies. Our collaboration and license agreement revenues are derived from a relatively small number of agreements. Each of these agreements can be terminated by our collaborators at their discretion. We are also subject to risks common to companies in the pharmaceutical industry, including risks and uncertainties related to commercial success and acceptance of our products and our potential future products by patients, physicians and payers, competition from other products, regulatory approvals, regulatory requirements, business combinations and product or product candidate acquisition and in-licensing transactions, and protection of intellectual property. Also, drug development is a lengthy process characterized by a relatively low rate of success. We may commit substantial resources toward developing product candidates that never result in further development, achieve regulatory approvals or achieve commercial success. Likewise, we have committed and expect to continue to commit substantial resources towards additional clinical development of our products in an effort to continue to expand our products' labeled indications of use, and there can be no assurance that we and/or our partners will obtain and maintain the necessary regulatory approvals to market our products for any additional indications.

Guarantees

In the normal course of business, we indemnify our directors, certain employees and other parties, including distributors, collaboration partners, lessors and other parties that perform certain work on behalf of, or for us to take licenses to our technologies. We have agreed to hold these parties harmless against losses arising from our breach of representations or covenants, intellectual property infringement or other claims made against these parties in performance of their work with us. These agreements typically limit the time within which the party may seek indemnification by us and the amount of the claim. It is not possible to prospectively determine the maximum potential amount of liability under these indemnification agreements. Further, each potential claim would be based on the unique facts and circumstances of the claim and the particular provisions of each agreement.

Net loss per share

Basic and diluted net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. We excluded all RSUs and options from the per share calculations as such securities were anti-dilutive for all periods presented. The following table presents the weighted average number of shares that have been excluded:

	Years ended December 31,		
(in thousands)	**2019**	**2018**	**2017**
Stock options and RSUs	12,774	13,439	13,592

Recent accounting pronouncements not yet adopted

In June 2016, Financial Accounting Standards Board, or FASB, issued "ASU 2016-13, Financial Instruments: Credit Losses," as clarified in ASU 2019-04 and ASU 2019-05. The objective of the standard is to provide information about expected credit losses on financial instruments at each reporting date and to change how other-than-temporary impairments on investment securities are recorded. The standard will become effective for us beginning on January 1, 2020. We do not anticipate the adoption of this ASU to have a material impact on our financial condition, results of operations, cash flows, and financial statement disclosures.

In August 2018, FASB issued "ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The objective of the standard is to align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard will become effective for us beginning on January 1, 2020. We do not anticipate the adoption of this ASU to have a material impact on our financial condition, results of operations, cash flows, and financial statement disclosures.

In November 2018, FASB issued "ASU 2018-18, Clarifying the Interaction between Topic 808 and Topic 606." The objective of the standard is to clarify the interaction between ASC Topic 808--Collaborative Arrangements and ASC Topic 606--Revenue from Contracts with Customers. Currently, ASC Topic 808 does not provide comprehensive recognition or measurement guidance for collaborative arrangements, and the accounting for those arrangements is often based on an analogy to other accounting literature or an accounting policy election. Similarly, aspects of ASC Topic 606 have resulted in uncertainty in practice about the effect of the revenue standard on the accounting for collaborative arrangements. The standard will become effective for us beginning on January 1, 2020. We do not anticipate the adoption of this ASU to have a material impact on our financial condition, results of operations, cash flows, and financial statement disclosures.

In December 2019, the FASB issued "ASU 2019-12, Simplifying the Accounting for Income Taxes." The objective of the standard is to improve areas of GAAP by removing certain exceptions permitted by ASC Topic 740-- Income Taxes and clarifying existing guidance to facilitate consistent application. The standard will become effective for us beginning on January 1, 2021. We are currently evaluating the new standard to determine the potential impact on our financial condition, results of operations, cash flows, and financial statement disclosures.

3. Revenue from contracts with customers

On January 1, 2018, we adopted ASC Topic 606 applying the modified retrospective method transition option to all contracts that were not completed as of January 1, 2018. We recorded the following cumulative effect as of January 1, 2018, itemized here and further described below:

(dollars in thousands)		
Collaboration and license agreement revenues	$	10,281
Royalty revenues		22,230
Cost of royalty revenues		(5,955)
Accumulated deficit – (debit) credit	$	26,556

The cumulative effect adjustment recorded above resulted in an increase to accounts receivable, net for $16.3 million, an increase to prepaid expenses and other current assets for $12.7 million, and an increase to current portion of deferred revenue for $2.4 million as of January 1, 2018.

Impact to net product sales

ASC Topic 606 did not generally change the practice under which we recognize revenue from net product sales.

Impact to collaboration and license agreement revenues

The achievement of development milestones under our collaborations is recorded during the period their achievement becomes most likely, which may result in earlier recognition as compared to previous accounting principles.

The Takeda ADCETRIS collaboration was the only ongoing collaboration that was significantly impacted by the adoption of ASC Topic 606. The Takeda ADCETRIS collaboration provides for the global co-development of ADCETRIS and the commercialization of ADCETRIS by Takeda in its territory. Under this collaboration, we have commercial rights for ADCETRIS in the U.S. and its territories and in Canada, and Takeda has commercial rights in the rest of the world and pays us a royalty. Our performance obligations under the collaboration included providing intellectual property licenses, performing technology transfer, providing research and development services for co-funded activities, allowing access to data, submitting regulatory filings and other information for co-funded activities, and providing manufacturing support including supply of ADCETRIS drug components, finished ADCETRIS product, and know-how. We determined that our performance obligations under the collaboration as evaluated at contract inception were not distinct and represented a single performance obligation, and that the obligations for goods and services provided would be completed over the performance period of the agreement. Any payments received from Takeda, including the upfront payment, progress-dependent development and regulatory milestone payments, reimbursement for drug supplied, and net development cost reimbursement payments, were recognized as revenue upon transfer of control of the goods or services over the ten-year development period (December 2009 through November 2019) of the collaboration, within collaboration and license agreement revenues. Updates to the Takeda ADCETRIS collaboration transaction price for variable consideration, such as approval of the co-development annual budget and binding production forecast, were considered at each reporting period as to whether they are not subject to significant future reversal. Shipments of drug supply that occurred after the expiration of the drug supply agreement in September 2018 were recorded as a separate performance obligation.

Impact to royalty revenues

Commercial sales-based milestones and sales royalties, primarily earned under the Takeda ADCETRIS collaboration, are recorded in the period of the related sales by Takeda, based on estimates if actual information is not yet available, rather than recording them as reported by the customer one quarter in arrears under previous accounting guidance. Takeda also bears a portion of third-party royalty costs owed on its sales of ADCETRIS which is included in royalty revenues.

Disaggregation of total revenues

We have two marketed products, ADCETRIS and PADCEV. Substantially all of our product revenues during the years ended December 31, 2019, 2018, and 2017 were for ADCETRIS and recorded in the U.S. Substantially all of our royalty revenues are from our collaboration with Takeda. Collaboration and license agreement revenues by collaborator are summarized as follows:

	Years ended December 31,		
(dollars in thousands)	**2019**	**2018**	**2017**
Takeda	$ 108,175	$ 58,605	$ 74,872
Other	42,070	35,752	33,760
Collaboration and license agreement revenues	$ 150,245	$ 94,357	$ 108,632

In November 2019, we entered into a license agreement with BeiGene, Ltd., or BeiGene, for one of our preclinical product candidates. Under the license agreement, we granted BeiGene development and commercialization rights to the product candidate in certain territories. Pursuant to the agreement, we received an upfront payment of $20.0 million which was recognized as collaboration and license agreement revenues during the year ended December 31, 2019 as we determined that our performance obligation under the agreement was distinct and was satisfied. We are entitled to receive potential future milestones tied to clinical and regulatory success and royalties for potential sales of the product candidate. In addition, the parties have agreed to co-fund certain future development costs. BeiGene is a related party due to a common shareholder that has a representative or representatives serving on each company's respective Board of Directors.

Contract balances and performance obligations

We had no contract assets or liabilities as of December 31, 2019, and we had no contract assets as of December 31, 2018. Contract liabilities as of December 31, 2018 consisted of deferred revenue primarily related to our remaining performance obligations under the Takeda ADCETRIS collaboration. Deferred revenue is presented as a line item on the consolidated balance sheet.

We recognized collaboration and license agreement revenues of $33.6 million and $34.5 million during the years ended December 31, 2019 and 2018, respectively, that were included in deferred revenue as of the beginning of the respective years. For the year ended December 31, 2019, collaboration and license agreement revenues from Takeda also included $37.5 million for two regulatory milestones achieved, which were related to additional approvals of ADCETRIS in frontline Hodgkin lymphoma received by Takeda.

Impacts to December 31, 2018 consolidated financial statements

(dollars in thousands)	As reported	Adjustments	Balances without the adoption of Topic 606
Consolidated Balance Sheet data:			
Accounts receivable, net	$ 146,281	$ (18,501)	$ 127,780
Prepaid expenses and other current assets	43,403	—	43,403
Current portion of deferred revenue	33,600	—	33,600
Accumulated deficit	(1,324,588)	(18,501)	(1,343,089)
Consolidated Statements of Comprehensive Loss data:			
Collaboration and license agreement revenues	$ 94,357	$ 10,282	$ 104,639
Royalty revenues	83,440	(1,634)	81,806
Total revenues	654,700	8,648	663,348
Cost of royalty revenues	22,208	592	22,800
Net loss	(222,693)	8,056	(214,637)

4. Operating leases

We have operating leases for our office and laboratory facilities with terms that expire from 2021 through 2029. Upon adoption of ASC Topic 842--Leases on January 1, 2019, we recognized $35.2 million of operating lease liabilities and $34.7 million of operating lease right-of-use assets for our existing leases on our consolidated balance sheet. As of December 31, 2019, our operating lease liabilities and operating lease right-of-use assets were $77.1 million and $65.2 million, respectively. The increases in operating lease liabilities and operating lease right-of-use assets during 2019 reflected new facilities leases that commenced during the period. All of our significant leases include options for us to extend the lease term. None of our options to extend the rental term of any existing leases were considered reasonably certain as of December 31, 2019.

Supplemental operating lease information was as follows:

(dollars in thousands)	Year ended December 31, 2019
Operating lease cost	$ 13,590
Variable lease cost	2,958
Total lease cost	$ 16,548
Cash paid for amounts included in measurement of lease liabilities	$ 10,197

Rent expense attributable to non-cancelable operating leases totaled approximately $14.6 million, $8.7 million, and $6.6 million for the years ended December 31, 2019, 2018, and 2017, respectively. As of December 31, 2019, the weighted average remaining lease term for our operating leases was 7.04 years, and the weighted average discount rate for our operating leases was 5.4%.

As of December 31, 2019, future minimum lease payments under the lease agreements were as follows:

(dollars in thousands)	
Years ending December 31,	
2020	$ 13,341
2021	14,291
2022	13,855
2023	13,757
2024	9,866
Thereafter	28,929
Total future minimum lease payments	94,039
Less: imputed interest	(16,987)
Total	$ 77,052

Operating lease liabilities were recorded in the following captions of our consolidated balance sheet as follows:

(dollars in thousands)	December 31, 2019
Accrued liabilities and other	$ 9,445
Operating lease liabilities, long-term	67,607
Total	$ 77,052

5. Acquisition of Cascadian

In March 2018, we acquired all issued and outstanding shares of Cascadian, a clinical-stage biopharmaceutical company based in Seattle, Washington, for $10.00 per share in cash, or approximately $614.1 million, which was funded by an underwritten public offering as further described in Note 15. The acquisition of Cascadian expanded our late-stage pipeline, providing global rights to tucatinib.

The acquisition of Cascadian was accounted for as a business combination. During the year ended December 31, 2018, we incurred $8.5 million in acquisition-related costs, which were recorded in selling, general and administrative expenses.

The purchase price allocation of the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date was as follows:

(dollars in thousands)	
Cash and cash equivalents	$ 15,919
Short-term and long-term investments	66,491
Prepaid expenses and other assets	2,215
Property and equipment	566
In-process research and development	300,000
Goodwill	274,671
Accounts payable and accrued liabilities	(22,139)
Deferred tax liability	(23,653)
Total purchase price	$ 614,070

The amount allocated to in-process research and development was based on the present value of future discounted cash flows, which was based on significant estimates. These estimates included the number of potential patients and market price of a future tucatinib-based regimen, costs required to conduct clinical trials and potentially commercialize tucatinib, as well as estimates for probability of success and the discount rate. Goodwill primarily was attributed to tucatinib's potential application in other treatment settings, intangible assets that do not qualify for separate recognition, and synergies with our existing pipeline and capabilities. Goodwill is not expected to be deductible for tax purposes.

The financial information in the table below summarizes the combined results of operations of Seattle Genetics and Cascadian on a pro forma basis, for the period in which the acquisition occurred and the comparative period as though the companies had been combined as of January 1, 2017. Pro forma adjustments have been made primarily related to acquisition-related transaction costs and employee costs. The following unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisition occurred as of January 1, 2017 or indicative of future results:

	Years ended December 31,	
(dollars in thousands)	2018	2017
Revenues	$ 654,700	$ 482,250
Net loss	(251,626)	(212,364)

6. Fair Value

We have certain assets that are measured at fair value on a recurring basis according to a fair value hierarchy that prioritizes the inputs, assumptions and valuation techniques used to measure fair value. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The determination of a financial instrument's level within the fair value hierarchy is based on an assessment of the lowest level of any input that is significant to the fair value measurement. We consider observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The fair value hierarchy of assets carried at fair value and measured on a recurring basis was as follows:

	Fair value measurement using:			
(dollars in thousands)	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
December 31, 2019				
Short-term investments—U.S. Treasury securities	$ 536,493	$ —	$ —	$ 536,493
Long-term investments—U.S. Treasury securities	57,283	—	—	57,283
Other non-current assets—equity securities	163,936	—	—	163,936
Total	$ 757,712	$ —	$ —	$ 757,712
December 31, 2018				
Short-term investments—U.S. Treasury securities	$ 332,486	$ —	$ —	$ 332,486
Long-term investments—U.S. Treasury securities	49,194	—	—	49,194
Other non-current assets—equity securities	113,812	—	—	113,812
Total	$ 495,492	$ —	$ —	$ 495,492

Our equity securities primarily comprised common stock of Immunomedics, purchased in connection with a strategic collaboration. The collaboration agreement with Immunomedics was terminated in 2017.

Our debt securities consisted of the following:

(dollars in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
December 31, 2019				
U.S. Treasury securities	$ 593,565	$ 236	$ (25)	$ 593,776
Contractual maturities (at date of purchase):				
Due in one year or less	$ 466,439			$ 466,547
Due in one to two years	127,126			127,229
Total	$ 593,565			$ 593,776
December 31, 2018				
U.S. Treasury securities	$ 381,673	$ 133	$ (126)	$ 381,680
Contractual maturities (at date of purchase):				
Due in one year or less	$ 246,440			$ 246,402
Due in one to two years	135,233			135,278
Total	$ 381,673			$ 381,680

7. Investment and Other Income, Net

Investment and other income, net consisted of the following:

	Years ended December 31,		
(dollars in thousands)	2019	2018	2017
Gain on equity securities	$ 50,124	$ 7,336	$ 33,777
Investment and other income, net	11,771	6,316	3,137
Total investment and other income, net	$ 61,895	$ 13,652	$ 36,914

Gain on equity securities includes the realized and unrealized holding gains and losses on our equity securities. Our equity securities are described in more detail in Note 6. As disclosed in Note 2, we adopted “ASU 2016-01, Financial Instruments: Overall” on January 1, 2018.

During 2019, the gain on equity securities was driven by net unrealized gains on equity securities held at December 31, 2019 of $50.1 million. During 2018, the gain on equity securities was driven by the realized gain from selling a portion of our Immunomedics common stock holding for $91.9 million, offset in part by net unrealized losses on equity securities still held at December 31, 2018 of $20.9 million. During 2017, the gain on equity securities related to changes in the fair value of an Immunomedics warrant derivative prior to the warrant's exercise by us in December 2017.

8. Inventories

Inventories consisted of the following:

	December 31,	
(dollars in thousands)	2019	2018
Raw materials	$ 78,285	$ 43,986
Finished goods	7,647	9,253
Total	$ 85,932	$ 53,239

In 2018, we recorded a charge to cost of sales for $18.1 million related to in-process ADCETRIS inventory that did not meet our manufacturing specifications. This inventory adjustment did not impact availability of product supply required to meet demand for ADCETRIS.

9. Property and equipment

Property and equipment consisted of the following:

	December 31,	
(dollars in thousands)	2019	2018
Leasehold improvements	$ 154,606	$ 101,743
Laboratory and manufacturing equipment	68,226	62,947
Building	23,341	23,341
Computers, software and office equipment	37,154	25,159
Furniture and fixtures	11,758	7,043
Land	4,771	4,771
	299,856	225,004
Less: accumulated depreciation and amortization	(144,365)	(121,184)
Total	$ 155,491	$ 103,820

Depreciation and amortization expenses on property and equipment totaled $23.8 million, $25.3 million, and $23.5 million for the years ended December 31, 2019, 2018, and 2017, respectively. Leasehold improvements included $62.2 million and $18.4 million of construction in process at December 31, 2019 and 2018, respectively.

10. Accrued liabilities

Accrued liabilities consisted of the following:

	December 31,	
(dollars in thousands)	2019	2018
Employee compensation and benefits	$ 74,835	$ 49,788
Clinical trial and related costs	37,418	38,692
Contract manufacturing	13,866	9,215
Gross-to-net deductions and third-party royalties	37,662	32,908
Operating lease liability, current	9,445	—
Professional services and other	33,839	16,690
Total	$ 207,065	$ 147,293

11. Income taxes

Our pre-tax loss by jurisdiction consisted of the following:

	Years ended December 31,		
(dollars in thousands)	2019	2018	2017
U.S.	$ (160,189)	$ (226,626)	$ (71,698)
Foreign	1,539	(19,720)	(87,189)
Total	$ (158,650)	$ (246,346)	$ (158,887)

A reconciliation of the federal statutory income tax rate to the effective income tax rate is as follows:

	Years ended December 31,		
	2019	2018	2017
Statutory federal income tax rate	(21.0)%	(21.0)%	(35.0)%
Tax credits	(11.0)	(6.0)	(11.0)
Foreign rate differential	—	(8.0)	14.0
State income taxes and other	(2.0)	(3.0)	(1.0)
Valuation allowance	37.0	44.0	(55.0)
Stock compensation	(9.0)	(4.0)	(5.0)
Non-deductible asset basis	6.0	—	—
Worthless stock deduction	—	(12.0)	—
Impact of the Act	—	—	72.0
Effective tax rate, before impact in other comprehensive income	—	(10.0)	(21.0)
Impact in other comprehensive income	—	—	21.0
Effective tax rate, after impact in other comprehensive income	0.0 %	(10.0)%	0.0 %

We did not record any income tax expense or benefit due to a tax loss position in 2019. In 2018, we recognized a deferred tax liability of $23.7 million on acquired intangible assets in connection with the acquisition of Cascadian. As a result, we recorded an income tax benefit of $23.7 million for the release of valuation allowance on our existing U.S. deferred tax assets as a result of the offset of deferred tax liabilities established for intangible assets from the acquisition. In 2017, we recorded a deferred income tax benefit of $33.4 million due to unrealized gains on our common stock investment in Immunomedics, which was offset by an income tax provision for the same amount in other comprehensive income.

The Tax Cuts and Jobs Act, or the Act, was enacted on December 22, 2017, which reduced the U.S. federal corporate tax rate from 35% to 21%, among other changes. This resulted in a $114.8 million reduction in our net deferred tax assets as of December 31, 2017 to reflect the new statutory rate. The rate adjustment also resulted in a decrease in the valuation allowance.

The foreign rate differential in the table above reflects the effect of operations in jurisdictions with tax rates that differ from the rate in the U.S. The change in foreign rate differential impact on the effective tax rate is primarily due to the decrease in the U.S. tax rate of 35% in 2017 to 21% in 2018 and 2019, and an increase in pre-tax earnings from our operations in Europe and Canada. At December 31, 2019, unremitted earnings of our foreign subsidiaries, which were insignificant, will be retained indefinitely by the foreign subsidiaries for continuing investment. If foreign earnings were to be repatriated to the U.S., we could be subject to additional state income and withholding taxes.

Our net deferred tax assets consisted of the following:

(dollars in thousands)	December 31, 2019	December 31, 2018
Deferred tax assets:		
Net operating loss carryforwards	$ 331,124	$ 283,888
Foreign net operating loss carryforwards	3,527	12,766
Tax credit carryforwards	193,552	175,702
Deferred revenue	—	2,553
Share-based compensation	34,869	29,354
Allowance and accruals	26,625	18,854
Operating lease liabilities	18,597	—
Inventory	3,815	—
Capitalized research and development	4,732	1,362
Depreciation	9,430	8,456
Other	1,133	1,773
Total deferred tax assets	627,404	534,708
Less: valuation allowance	(536,316)	(477,834)
Total deferred tax assets, net of valuation allowance	91,088	56,874
Deferred tax liability:		
Right-of-use assets	(17,125)	—
Intangibles and amortization	(50,725)	(48,819)
Realized and unrealized gain on available-for-sale securities	(20,064)	(8,055)
Other	(3,174)	
Net deferred tax assets (liability)	$ —	$ —

Our deferred tax assets primarily consist of net operating loss (NOL) carryforwards, tax credit carryforwards, share-based compensation, allowance and accruals, operating lease, inventory, and capitalized research and development expense. Realization of deferred tax assets is dependent upon a number of factors, including future earnings, the timing and amount of which is uncertain. Accordingly, the deferred tax assets have been fully offset by a valuation allowance. At December 31, 2019, we had gross federal NOL carryforwards of $1.4 billion, of which $383.6 million may be carried forward indefinitely and $1.0 billion of which expire from 2020 to 2038 if not utilized, gross state NOL carryforwards of $547.0 million, gross foreign NOL carryforwards of $39.6 million and tax credit carryforwards of $217.6 million expiring from 2020 to 2039.

Utilization of the NOL and tax credit carryforwards may be subject to a substantial annual limitation in the event of a change in ownership as set forth in Section 382 of the Internal Revenue Code of 1986, as amended. We have evaluated ownership changes through the year ended December 31, 2018 and believe that it is likely that utilization of its NOLs would not be limited under Section 382 as of December 31, 2018. It is possible that there has been or may be a change in ownership after this date, which would limit our ability to utilize our NOLs. Any limitation may result in the expiration of the NOLs and tax credit carryforwards before utilization.

The valuation allowance increased by $58.5 million in 2019, increased by $113.3 million in 2018, and decreased by $16.8 million in 2017, which was mostly related to the changes in our deferred tax asset balances. The 2019 increase in the valuation allowance is primarily related to the current year loss, tax credits generated, and other activity. The 2018 increase in the valuation allowance included a $143.3 million increase related to the loss, tax credits and other activity in 2018, offset by a $23.7 million decrease for release of valuation allowance related to the deferred tax assets and liabilities acquired from Cascadian and a $6.3 million decrease due to the adoption of ASC Topic 606. The decrease in the valuation allowance in 2017 included the $114.8 million decrease to reflect the new statutory rate and the $33.4 million decrease related to the unrealized gain on the Immunomedics common stock investment recorded through other comprehensive income, offset by the $70.9 million increase in connection with the adoption of ASU 2016-09 and a $60.5 million increase for the current year loss, tax credits and other activity.

The financial statement recognition of the benefit for a tax position is dependent upon the benefit being more likely than not to be sustainable upon audit by the applicable taxing authority. If this threshold is met, the tax benefit is then measured and recognized at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Years ended December 31,		
(dollars in thousands)	2019	2018	2017
Balance at January 1	$ 20,706	$ 18,172	$ 16,023
Increase (decrease) related to prior year tax positions	—	108	(1,292)
Increase related to current year tax positions	3,312	2,426	3,441
Balance at December 31	$ 24,018	$ 20,706	$ 18,172

We do not anticipate any significant changes to our unrecognized tax positions or benefits during the next twelve months. Interest and penalties related to the settlement of uncertain tax positions, if any, will be reflected in income tax expense. Tax years 2001 to 2019 remain subject to future examination for federal income taxes.

12. Collaboration and license agreements

We have collaboration and license agreements with a number of pharmaceutical and biotechnology companies. Revenues recognized under these agreements are disclosed in Note 3.

These agreements generally may be terminated due to material and uncured breaches, insolvency of either party, mutual written consent, unilateral decision of one or either party upon prior written notice, expiration of payment obligations, cessation of development or commercialization of the products, and/or challenges to patents which are subject to the related agreement. Each agreement is discussed in more detail in the following sections.

Takeda ADCETRIS collaboration

The Takeda ADCETRIS collaboration provides for the global co-development of ADCETRIS and the commercialization of ADCETRIS by Takeda in its territory. We have commercial rights for ADCETRIS in the U.S. and its territories and in Canada. Takeda has commercial rights in the rest of the world. Under the collaboration, we and Takeda can each conduct development activities and equally co-fund the cost of certain mutually agreed development activities. Costs associated with co-development activities are included in research and development expense.

We recognize payments received from Takeda, including progress-dependent development and regulatory milestone payments, reimbursement for drug supplied, and net development cost reimbursement payments, as collaboration and license agreement revenues upon transfer of control of the goods or services over the development period. When the performance of development activities under the collaboration results in us making a reimbursement payment to Takeda, that payment reduces collaboration and license agreement revenues. In addition, we recognize royalty revenues, where royalties are based on a percentage of Takeda's net sales of ADCETRIS in its licensed territories, with percentages ranging from the mid-teens to the mid-twenties based on annual net sales tiers, and sales-based milestones. Takeda bears a portion of third-party royalty costs owed on its sales of ADCETRIS, which is included in royalty revenues.

Astellas PADCEV collaboration

We have a collaboration agreement with Agensys, Inc., which subsequently became an affiliate of Astellas, to jointly research, develop and commercialize ADCs for the treatment of several types of cancer. The collaboration encompasses combinations of our ADC technology with fully-human antibodies developed by Astellas to proprietary cancer targets. Under this collaboration, we and Astellas are co-funding all development costs for PADCEV. We rely on Astellas to supply PADCEV for commercial sales and for our clinical trials, and Astellas oversees the manufacturing supply chain for PADCEV. Costs associated with co-development activities are included in research and development expense and amounted to $76.8 million, $54.9 million, and $36.3 million for the years ended December 31, 2019, 2018, and 2017, respectively.

In 2018, we and Astellas entered into a joint commercialization agreement to govern the global commercialization of PADCEV:

- In the U.S., we and Astellas jointly promote PADCEV. We record sales of PADCEV in the U.S. and are responsible for all U.S. distribution activities. The companies each bear the costs of their own sales organizations in the U.S., equally share certain costs associated with commercializing PADCEV in the U.S., and equally share in any profits realized in the U.S. Gross profit share payments owed to Astellas in the U.S. are recorded in cost of sales.
- Outside the U.S., we have commercialization rights in all countries in North and South America, and Astellas has commercialization rights in the rest of the world, including Europe, Asia, Australia and Africa. The agreement is intended to provide that we and Astellas will effectively equally share in costs incurred and any profits realized in all of these markets. Cost and profit sharing in Canada, the United Kingdom, Germany, France, Spain and Italy will be based on product sales and costs of commercialization. In the remaining markets, the commercializing party will bear costs and will pay the other party a royalty rate applied to net sales of the product based on a rate intended to approximate an equal profit share for both parties.

Either party may opt out of co-development and profit-sharing under the collaboration agreement in return for receiving milestones and royalties from the continuing party.

Genmab tisotumab vedotin collaboration

We have an agreement with Genmab to develop and commercialize ADCs for the treatment of several types of cancer, under which we previously exercised a co-development option for tisotumab vedotin. We and Genmab will share all future costs and profits for development and commercialization of tisotumab vedotin on an equal basis. Costs associated with co-development activities are included in research and development expense and amounted $48.5 million, $33.8 million, and $6.8 million for the years ended December 31, 2019, 2018, and 2017, respectively.

We will be responsible for tisotumab vedotin commercialization activities in the U.S., Canada, and Mexico. Genmab will be responsible for commercialization activities in all other territories.

Either party may opt out of co-development and profit-sharing under the collaboration agreement in return for receiving milestones and royalties from the continuing party.

Other collaboration and license agreements

We have other collaboration and license agreements for our ADC technology with a number of biotechnology and pharmaceutical companies. Under these agreements, which we have entered into in the ordinary course of business, we have granted research and commercial licenses to use our technology, most often in conjunction with the licensee's technology. In certain agreements, we also have agreed to conduct limited development activities and to provide other materials, supplies and services to our licensees during a specified term of the agreement. We typically receive upfront cash payments and progress- and sales-dependent milestones for the achievement by our licensees of certain events, and annual maintenance fees and support fees for research and development services and materials provided under the agreements. These amounts are recognized as revenue over the performance obligation period if the license is determined to not be distinct from other goods and services provided, or, if there is no performance obligation, upon transfer of control of the goods or services to the customer. We also are entitled to receive royalties on net sales of any resulting products incorporating our ADC technology. Our licensees are solely responsible for research, product development, manufacturing and commercialization of any product candidates under these agreements, which includes the achievement of the potential milestones.

Our collaboration agreement with Unum Therapeutics to develop and commercialize novel antibody-coupled T-cell receptor therapies for cancer was terminated in January 2020.

13. In-license agreements

We have in-licensed antibodies, targets and enabling technologies from pharmaceutical and biotechnology companies and academic institutions for use in ADCETRIS, its pipeline programs and ADC technology. Under the terms of two exclusive license agreements, we are required to pay royalties in the low single digits on net sales of ADCETRIS. In addition, we owed royalties in the low single digits on net sales of ADCETRIS under the terms of other non-exclusive licenses, which expired in 2018.

Under the terms of in-license agreements related to our pipeline programs, we would potentially owe development, regulatory, and sales-based milestones, and royalties on net sales, as defined, of certain approved products.

14. Commitments and contingencies

Commitments. We have certain non-cancelable obligations under various agreements, including supply agreements relating to the manufacture of ADCETRIS, PADCEV, and our product candidates that contain annual minimum purchase commitments and other firm commitments when a binding forecast is provided. As of December 31, 2019, our future obligations related to supply and other agreements were as follows:

(dollars in thousands)		
Years ending December 31,		
2020	$	93,225
2021		44,236
2022		41,160
2023		25,695
2024		24,828
Thereafter		27,488
Total	$	256,632

Non-cancelable obligations under these agreements do not include payments that are contingent upon achievement of certain progress-dependent milestones or royalties based on net sales of commercial products. These amounts have been excluded from the table because the events triggering the obligations have not yet occurred.

See Note 4 for our future obligations related to operating leases as of December 31, 2019.

Contingencies.

On March 8, 2018, three purported stockholders of Cascadian filed a Verified Complaint to Compel Inspection of Books and Records under 8 Del. C. §220 in the Delaware Court of Chancery against Cascadian, seeking to inspect books and records in order to determine whether wrongdoing or mismanagement has taken place such that it would be appropriate to file claims for breach of fiduciary duty, and to investigate the independence and disinterestedness of the former Cascadian directors with respect to our acquisition of Cascadian. We filed our answer to this complaint on March 28, 2018. On February 20, 2019, we entered into an agreement regarding production and confidentiality of books and records with plaintiffs, pursuant to which we produced relevant books and records on April 22, 2019. As a result of this lawsuit, we have incurred and may incur additional litigation expenses and may potentially incur indemnification expenses in the future.

We are engaged in a dispute with Daiichi Sankyo Co. Ltd., or Daiichi Sankyo, regarding the ownership of certain technology used by Daiichi Sankyo in its metastatic breast cancer drug fam-trastuzumab deruxtecan-nxki (Enhertu®), among other product candidates. We contend that the linker and other ADC technology used in these drug candidates are improvements to our ADC technology, the ownership of which we contend was assigned to us under the terms of a 2008 collaboration agreement between us and Daiichi Sankyo. On November 4, 2019, Daiichi Sankyo filed a declaratory judgment action in the United States District Court for the District of Delaware alleging that we are not entitled to the intellectual property rights under dispute. On November 12, 2019, we submitted an arbitration demand to the American Arbitration Association seeking, among other remedies, a declaration that we are the owner of the intellectual property rights under dispute, monetary damages and a running royalty. As a result of this dispute, we have incurred and will continue to incur litigation expenses.

In addition, from time to time in the ordinary course of business we become involved in various lawsuits, claims and proceedings relating to the conduct of our business, including those pertaining to the defense and enforcement of our patent or other intellectual property rights and our contractual rights. These proceedings are costly and time consuming. Additionally, successful challenges to our patent or other intellectual property rights through these proceedings could result in a loss of rights in the relevant jurisdiction and may allow third parties to use our proprietary technologies without a license from us or our collaborators.

15. Stockholders' equity

In February 2018, we completed an underwritten public offering of 13,269,230 shares of our common stock at a public offering price of $52.00 per share. The offering resulted in net proceeds to us of $658.2 million, after deducting underwriting discounts, commissions, and other offering expenses. The primary use of the net proceeds was to fund the acquisition of Cascadian.

In July 2019, we completed an underwritten public offering of 8,214,286 shares of our common stock at a public offering price of $70.00 per share. The offering resulted in net proceeds to us of $548.7 million, after deducting underwriting discounts, commissions, and other offering expenses. The primary use of the net proceeds was to fund our ADCETRIS and PADCEV commercialization efforts and our research and development efforts, as well as general corporate purposes, including working capital.

At December 31, 2019, shares of common stock reserved for future issuance are as follows:

(in thousands)	
Stock options and RSUs outstanding	13,169
Shares available for future grant under the 2007 Equity Incentive Plan	4,072
Employee stock purchase plan shares available for future issuance	1,194
Total	18,435

16. Share-based compensation

2007 Equity Incentive Plan

Our 2007 Equity Incentive Plan, or the 2007 Plan, provides for the issuance of our common stock to employees, including our officers, directors and consultants and affiliates. The 2007 Plan was amended and restated in 2018 to reserve an additional 6,000,000 shares thereunder, such that an aggregate of 33,000,000 shares of our common stock were authorized for issuance as of December 31, 2019, and to extend the term of the 2007 Plan through May 2028 unless it is terminated earlier pursuant to its terms. Under the 2007 Plan, we may issue stock options (including incentive stock options and nonstatutory stock options), restricted stock, RSUs, stock appreciation rights and other similar types of awards. We have only issued options to purchase shares of common stock and RSUs under the 2007 Plan, including options and RSUs with time-based or performance-based vesting requirements. Performance-based vesting occurs upon achievement of pre-determined regulatory milestones, sales-based milestones, or market-based performance metrics.

Incentive stock options under the 2007 Plan may be granted only to our employees. The exercise price of an incentive stock option or a nonstatutory stock option may not be less than 100% of the fair market value of the common stock on the date the option is granted and the options generally have a maximum term of ten years from the date of grant. Generally, options granted to employees under the 2007 Plan vest 25% one year after the grant date and thereafter ratably each month over the following thirty-six months. Generally, RSUs granted to employees vest 25% each year beginning one year after the grant date. Option and RSU grants to non-employee members of our board of directors vest over one year. The vesting of performance-based awards generally includes vesting upon achievement of pre-determined milestones or metrics and, in some cases, vesting upon achievement of pre-determined milestones or metrics in addition to the passage of time.

The 2007 Plan provides for (i) the full acceleration of vesting of equity awards upon a change in control if the successor company does not assume, substitute or otherwise replace the equity awards upon the change in control; and (ii) the full acceleration of vesting of any equity awards if at the time of, immediately prior to or within twelve months after a change in control of the Company, the holder of such equity awards is involuntarily terminated without cause or is constructively terminated by the successor company that assumed, substituted or otherwise replaced such stock awards in connection with the change in control.

Share-based compensation expense

We recorded total share-based compensation expense of $127.3 million, $78.9 million, and $63.8 million for the years ended December 31, 2019, 2018, and 2017, respectively, including share-based compensation expense associated with our LTIPs. No tax benefit was recognized related to share-based compensation expense since we have not reported taxable income to date and have established a valuation allowance to offset all of the potential tax benefits associated with its deferred tax assets.

Valuation assumptions

We calculate the fair value of each option award on the date of grant using the Black-Scholes option pricing model. The following weighted-average assumptions were used for the periods indicated:

	2007 Plan			Employee Stock Purchase Plan		
	Years ended December 31,			Years ended December 31,		
	2019	2018	2017	2019	2018	2017
Risk-free interest rate	1.5%	2.8%	1.8%	2.2%	1.7%	0.8%
Expected lives in years	5.6	5.6	5.7	0.5	0.5	0.5
Expected dividends	0%	0%	0%	0%	0%	0%
Expected volatility	44%	42%	42%	43%	36%	46%

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for the expected life of the award. Our computation of expected life was determined based on our historical experience with similar awards, giving consideration to the contractual terms of the share-based awards, vesting schedules and expectations of future employee behavior. A forfeiture rate is estimated at the time of grant to reflect the amount of awards that are granted but are expected to be forfeited by the award holder prior to vesting. The estimated forfeiture rate applied to these amounts is derived from historical stock award forfeiture behavior. We have never paid cash dividends and do not currently intend to pay cash dividends. Our computation of expected volatility is based on the historical volatility of our stock price.

The fair value of RSUs is determined based on the closing price of our common stock on the date of grant.

Stock option activity

A summary of stock option activity is as follows:

	Shares	Weighted-average exercise price per share	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Balance at December 31, 2018	10,875,112	$ 41.03		
Granted	1,495,541	$ 72.29		
Exercised	(2,432,550)	$ 31.88		
Forfeited/expired	(377,593)	$ 56.77		
Balance at December 31, 2019	9,560,510	$ 47.62	6.21	$ 637,096
Expected to vest	9,242,994	$ 47.00	6.12	$ 621,676
Options exercisable	5,951,964	$ 38.56	4.85	$ 450,550

The weighted average grant-date fair values of options granted with exercise prices equal to market were $30.51, $30.77, and $20.34 for the years ended December 31, 2019, 2018, and 2017, respectively.

The aggregate intrinsic value in the table above is calculated as the difference between the exercise price of the underlying options and the quoted price of our common stock for all options that were in-the-money at December 31, 2019. The aggregate intrinsic value of options exercised was $128.4 million during 2019, $73.3 million during 2018, and $52.9 million during 2017, determined as of the date of option exercise. As of December 31, 2019, there was approximately $45.8 million of total unrecognized compensation cost related to unvested options, as adjusted for expected forfeitures. That cost is expected to be recognized over a weighted-average period of 1.34 years. We utilize newly issued shares to satisfy option exercises.

RSU activity

A summary of RSU activity, excluding performance-based RSUs, is as follows:

	Share equivalent		Weighted-average grant date fair value
Non-vested at December 31, 2018	2,680,241	$	59.11
Granted	1,474,456	$	75.58
Vested	(896,800)	$	53.69
Forfeited	(266,335)	$	61.22
Non-vested at December 31, 2019	2,991,562	$	68.66

The weighted average grant-date fair values of RSUs granted were $75.58, $70.78, and $50.12 for the years ended December 31, 2019, 2018, and 2017, respectively. The total fair value of RSUs that vested during 2019, 2018, and 2017 (measured on the date of vesting) was $67.1 million, $42.4 million, and $27.5 million, respectively. As of December 31, 2019, there was approximately $103.7 million of total unrecognized compensation cost related to non-vested RSU awards, as adjusted for expected forfeitures. That cost is expected to be recognized over a weighted-average period of 1.60 years. We utilize newly issued shares for RSUs that vest.

LTIP equity activity

We have various LTIPs, which contain performance-based equity compensation.

During 2018, an LTIP milestone was achieved related to the FDA approval of an ADCETRIS indication, which triggered a cash payment to eligible participants and commenced vesting of stock options related to that LTIP. The vesting for that LTIP is now time-based and is included in the *"Stock option activity"* table above.

During 2019, an LTIP milestone was achieved related to the FDA approval of PADCEV based on our EV-201 trial, which triggered a cash payment to eligible participants and an RSU grant to certain eligible participants. The vesting of grants made under that LTIP is now time-based and is included in the *"RSU activity"* table above.

A summary of RSU activity related to the LTIPs is as follows:

	Share equivalent		Weighted-average grant date fair value
Non-vested at December 31, 2018	239,817	$	58.14
Granted	405,523	$	114.26
Vested	—	$	—
Forfeited	(28,697)	$	58.14
Non-vested at December 31, 2019	616,643	$	95.05

As of December 31, 2019, the estimated unrecognized compensation cost related to all LTIPs was approximately $79 million.

Employee Stock Purchase Plan

Under the current terms of the Amended and Restated 2000 Employee Stock Purchase Plan, or the Employee Stock Purchase Plan, employees can purchase shares of our common stock based on a percentage of their compensation subject to certain limits. In May 2019, our stockholders approved an increase of 1,000,000 shares in the number of shares of common stock authorized for issuance under the Employee Stock Purchase Plan. Shares are purchased at the lower of 85 percent of the fair market value of our common stock on either the first day or the last day of each six-month offering period. Share issuance activity under the Employee Stock Purchase Plan is disclosed in our consolidated statements of stockholders' equity.

17. Employee benefit plan

We have a 401(k) Plan for all of our U.S. employees. Eligible employees may contribute through payroll deductions, and we may match the employees' 401(k) contributions, at our discretion and not to exceed a prescribed annual limit. Under this matching program, we contributed $11.9 million in 2019, $7.7 million in 2018, and $5.7 million in 2017.

18. Quarterly financial data (unaudited)

The unaudited quarterly financial information should be read in conjunction with our financial statements and related notes included elsewhere in this report. We believe that the following unaudited information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period. The following table contains selected unaudited financial data for each of the indicated periods:

	Three months ended			
(dollars in thousands, except per share data)	**March 31,**	**June 30,**	**September 30,**	**December 31,**
		2019		
Total revenues	$ 195,199	$ 218,447	$ 213,263	$ 289,804
Net income (loss)	$ (13,329)	$ (79,238)	$ (91,913)	$ 25,830
Net income (loss) per share - basic	$ (0.08)	$ (0.49)	$ (0.55)	$ 0.15
Net income (loss) per share - diluted	$ (0.08)	$ (0.49)	$ (0.55)	$ 0.14
		2018		
Total revenues	$ 140,590	$ 170,173	$ 169,424	$ 174,513
Net income (loss)	$ (111,715)	$ 76,273	$ (67,446)	$ (119,805)
Net income (loss) per share - basic	$ (0.73)	$ 0.48	$ (0.42)	$ (0.75)
Net income (loss) per share - diluted	$ (0.73)	$ 0.47	$ (0.42)	$ (0.75)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

a. *Evaluation of disclosure controls and procedures.* Our Chief Executive Officer and our Chief Financial Officer have evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) prior to the filing of this annual report. Based on that evaluation, they have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were, in design and operation, effective at the reasonable assurance level.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within an organization have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

b. *Changes in internal control over financial reporting.* There have not been any changes in our internal control over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

c. *Management's Annual Report on Internal Control over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the framework in *Internal Control—Integrated Framework,* our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8 in this Annual Report on Form 10-K.

Item 9B. Other Information

None.

PART III

The information required by Part III is omitted from this report because we will file a definitive proxy statement within 120 days after the end of our 2019 fiscal year pursuant to Regulation 14A for our 2020 Annual Meeting of Stockholders, or the 2020 Proxy Statement, and the information to be included in the 2020 Proxy Statement is incorporated herein by reference.

Item 10. Directors, Executive Officers and Corporate Governance

1. The information required by this Item concerning our executive officers and our directors and nominees for director, including information with respect to our audit committee and audit committee financial expert, may be found under the section entitled "Proposal No. 1—Election of Directors" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.
2. The information required by this Item concerning our code of ethics may be found under the section entitled "Proposal No. 1—Election of Directors—Corporate Governance—Code of Conduct and Business Ethics" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.
3. The information required by this Item concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 may be found in the section entitled "Delinquent Section 16(a) Reports" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item may be found under the sections entitled "Proposal No. 1—Election of Directors—Director Compensation" and "Compensation of Executive Officers" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

1. The information required by this Item with respect to security ownership of certain beneficial owners and management may be found under the section entitled "Security Ownership of Certain Beneficial Owners and Management" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.
2. The information required by this Item with respect to securities authorized for issuance under our equity compensation plans may be found under the sections entitled "Equity Compensation Plan Information" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

1. The information required by this Item concerning related party transactions may be found under the section entitled "Certain Relationships and Related Party Transactions" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.
2. The information required by this Item concerning director independence may be found under the section entitled "Proposal No. 1—Election of Directors—Corporate Governance—Director Independence" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item may be found under the section entitled "Proposal No. 4—Ratification of Appointment of Independent Registered Public Accounting Firm" appearing in the 2020 Proxy Statement. Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

1. The following documents are filed as part of this report:
   a. Financial Statements and Report of Independent Registered Public Accounting Firm
   b. Financial Statement Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.
   c. Exhibits are incorporated herein by reference or are filed with this report as indicated below (numbered in accordance with Item 601 of Regulation S-K).
2. Exhibits

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
2.1†**	Asset Purchase Agreement, dated July 31, 2017, between Bristol-Myers Squibb Company and Seattle Genetics, Inc	10-Q/A	000-32405	2.1	4/13/2018
2.2**	Agreement and Plan of Merger, dated January 30, 2018, among Seattle Genetics, Inc., Valley Acquisition Sub, Inc. and Cascadian Therapeutics, Inc.	8-K	000-32405	2.1	1/31/2018
3.1	Fourth Amended and Restated Certificate of Incorporation of Seattle Genetics, Inc.	10-Q	000-32405	3.1	11/7/2008
3.2	Certificate of Amendment of Fourth Amended and Restated Certificate of Incorporation of Seattle Genetics, Inc.	8-K	000-32405	3.3	5/26/2011
3.3	Amended and Restated Bylaws of Seattle Genetics, Inc.	8-K	000-32405	3.1	1/16/2020
4.1+	Description of Securities of Seattle Genetics, Inc.	—	—	—	—
4.2	Specimen Stock Certificate.	S-1/A	333-50266	4.1	2/8/2001
4.3	Investor Rights Agreement dated July 8, 2003 among Seattle Genetics, Inc. and certain of its stockholders.	10-Q	000-32405	4.3	11/7/2008
4.4	Registration Rights Agreement, dated September 10, 2015, by and between Seattle Genetics, Inc. and the persons listed on Schedule A attached thereto.	8-K	000-32405	10.1	9/11/2015
10.1+†	Collaboration Agreement between Seattle Genetics, Inc. and Millennium Pharmaceuticals, Inc. (a wholly-owned subsidiary of Takeda Pharmaceutical Company Limited) dated December 14, 2009.	—	—	—	—
10.2†	Collaboration and License Agreement dated January 7, 2007 between Seattle Genetics, Inc. and Agensys, Inc.	10-Q	000-32405	10.1	5/8/2007
10.3†	Amendment to the Collaboration and License Agreement between Seattle Genetics, Inc. and Agensys, Inc. dated effective November 20, 2009.	10-K	000-32405	10.49	3/12/2010
10.4†	Joint Commercialization Agreement dated October 20, 2018 between Seattle Genetics, Inc. and Agensys, Inc.	10-Q	000-32405	10.1	7/16/2019
10.5†	License and Collaboration Agreement, effective October 7, 2011, between Genmab A/S and Seattle Genetics, Inc	10-Q/A	000-32405	10.3	4/13/2018
10.6	License Agreement dated March 30, 1998 between Seattle Genetics, Inc. and Bristol-Myers Squibb Company.	10-K/A	000-32405	10.1	11/26/2010
10.7	Amendment Letter to the Bristol-Myers Squibb Company License Agreement dated July 29, 1999 between Seattle Genetics, Inc. and Bristol-Myers Squibb Company.	10-K/A	000-32405	10.2	11/26/2010
10.8	Amendment Agreement to the Bristol-Myers Squibb Company License Agreement dated July 26, 2000 between Seattle Genetics, Inc. and Bristol-Myers Squibb Company.	S-1/A	333-50266	10.7	12/5/2000

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
10.9†	Amendment to License Agreement to the Bristol-Myers Squibb Company License Agreement dated December 18, 2015 between Seattle Genetics, Inc. and Bristol-Myers Squibb Company.	10-K	000-32405	10.4	2/19/2016
10.10	License Agreement dated September 20, 1999 between Seattle Genetics, Inc. and the University of Miami.	10-K/A	000-32405	10.6	11/26/2010
10.11	Amendment No. 1 to the University of Miami License Agreement dated August 4, 2000 between Seattle Genetics, Inc. and the University of Miami.	10-K/A	000-32405	10.7	11/26/2010
10.12†	Letter Agreement Regarding Royalty between the University of Miami and Seattle Genetics, Inc. dated April 11, 2016	10-Q	000-32405	10.1	7/26/2016
10.13	License Agreement between Cascadian Therapeutics, Inc. and Array BioPharma Inc. dated December 11, 2014.	10-Q	000-32405	10.1	4/26/2018
10.14†	Commercial Supply Agreement dated December 1, 2010 between Seattle Genetics, Inc. and SAFC, an operating division of Sigma-Aldrich, Inc.	10-Q	000-32405	10.1	11/4/2011
10.15†	First Amendment to Commercial Supply Agreement effective as of January 20, 2014 between Seattle Genetics, Inc. and SAFC, an operating division of Sigma-Aldrich, Inc.	10-K	000-32405	10.17	2/21/2017
10.16†	Second Amendment to Commercial Supply Agreement effective as of December 2, 2016 between Seattle Genetics, Inc. and SAFC, an operating division of Sigma-Aldrich, Inc.	10-K	000-32405	10.18	2/21/2017
10.17†	Third Amendment to Commercial Supply Agreement effective as of July 1, 2019 between Seattle Genetics, Inc. and SAFC, an operating division of Sigma-Aldrich, Inc.	10-Q	000-32405	10.20	10/30/2019
10.18	Development and Supply Agreement dated February 23, 2004 between Seattle Genetics, Inc. and Abbott Laboratories.	10-K	000-32405	10.15	2/27/2015
10.19†	First Amendment to Development and Supply Agreement dated April 17, 2008 between Seattle Genetics, Inc. and Abbott Laboratories, Inc.	10-Q	000-32405	10.1	8/8/2008
10.20†	Second Amendment to Development and Supply Agreement dated June 15, 2009 between Seattle Genetics, Inc. and Abbott Laboratories, Inc.	10-Q	000-32405	10.4	11/4/2011
10.21†	Third Amendment to Development and Supply Agreement dated November 5, 2009 between Seattle Genetics, Inc. and Abbott Laboratories, Inc.	10-Q	000-32405	10.5	11/4/2011
10.22†	Fourth Amendment to Development and Supply Agreement dated April 18, 2010 between Seattle Genetics, Inc. and Abbott Laboratories, Inc.	10-Q	000-32405	10.6	11/4/2011
10.23†	Fifth Amendment to Development and Supply Agreement dated August 24, 2010 between Seattle Genetics, Inc. and Abbott Laboratories, Inc.	10-Q	000-32405	10.7	11/4/2011
10.24†	Sixth Amendment to Development and Supply Agreement dated November 18, 2010 between Seattle Genetics, Inc. and Abbott Laboratories, Inc.	10-Q	000-32405	10.8	11/4/2011
10.25†	Seventh Amendment to Development and Supply Agreement dated January 2, 2013 between Seattle Genetics, Inc. and Abbott Laboratories, Inc.	10-K	000-32405	10.42	2/27/2013
10.26†	Eighth Amendment to Development and Supply Agreement dated July 7, 2015 between Seattle Genetics, Inc. and AbbVie Inc. (formerly part of Abbott Laboratories, Inc.).	10-Q	000-32405	10.2	7/30/2015

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
10.27†	Ninth Amendment to Development and Supply Agreement, effective as of August 28, 2016 between Seattle Genetics, Inc. and AbbVie Inc. (formerly part of Abbott Laboratories, Inc.).	10-Q	000-32405	10.1	10/27/2016
10.28†	Tenth Amendment to Development and Supply Agreement, effective as of December 26, 2016 between Seattle Genetics, Inc. and AbbVie, Inc. (formerly part of Abbott Laboratories, Inc.).	10-K	000-32405	10.29	2/21/2017
10.29+††	Eleventh Amendment to Development and Supply Agreement effective July 12, 2018 between Seattle Genetics, Inc. and AbbVie Inc. (formerly part of Abbott Laboratories, Inc.).	—	—	—	—
10.30†	Twelfth Amendment to Development and Supply Agreement, effective as of April 25, 2019 between Seattle Genetics, Inc. and AbbVie, Inc. (formerly part of Abbott Laboratories, Inc.).	10-Q	000-32405	10.2	7/16/2019
10.31	Lease Agreement dated December 1, 2000 between Seattle Genetics, Inc. and WCM 132-302, LLC.	S-1/A	333-50266	10.21	1/4/2001
10.32	First Amendment to Lease dated May 28, 2003 between Seattle Genetics, Inc. and B&N 141-302, LLC.	10-Q	333-50266	10.1	8/12/2003
10.33†	Second Amendment to Lease dated July 1, 2008 between Seattle Genetics, Inc. and B&N 141-302, LLC.	10-Q	000-32405	10.1	11/7/2008
10.34†	Third Amendment to Lease dated May 9, 2011 between Seattle Genetics, Inc. and B&N 141-302, LLC.	10-Q	000-32405	10.2	8/5/2011
10.35†	Fourth Amendment to Lease dated October 24, 2017 between Seattle Genetics, Inc. and SNH Medical Office Properties Trust, as successor in interest to B&N 141-302, LLC.	10-K	000-32405	10.12	02/15/2018
10.36†	Office Lease dated May 9, 2011 between Seattle Genetics, Inc. and WCM Highlands II, LLC.	10-Q	000-32405	10.1	8/5/2011
10.37†	First Amendment to Office Lease dated October 24, 2017 between Seattle Genetics, Inc. and SNH Medical Office Properties Trust, as successor in interest to WCM Highlands II, LLC.	10-K	000-32405	10.14	2/15/2018
10.38†	Purchase Agreement, dated June 16, 2017, between BMR-3450 Monte Villa Parkway, LLC and ZymoGenetics, Inc	10-Q	000-32405	10.1	11/6/2017
10.39	Assignment and Assumption of Purchase Agreement, dated July 30, 2017, between ZymoGenetics, Inc. and Seattle Genetics, Inc.	10-Q	000-32405	10.2	11/6/2017
10.40*	Form of Indemnification Agreement between Seattle Genetics, Inc. and each of its officers and directors.	S-1/A	333-50266	10.29	1/4/2001
10.41*	Amended and Restated Employment Agreement dated October 25, 2018, between Seattle Genetics, Inc. and Clay Siegall.	10-Q	000-32405	10.1	10/26/2018
10.42*	Amended and Restated Employment Agreement dated October 25, 2018, between Seattle Genetics, Inc. and Todd Simpson.	10-Q	000-32405	10.2	10/26/2018
10.43*	Amended and Restated Employment Agreement dated October 25, 2018, between Seattle Genetics, Inc. and Roger Dansey.	10-Q	000-32405	10.3	10/26/2018
10.44*	Amended and Restated Employment Agreement dated October 25, 2018, between Seattle Genetics, Inc. and Vaughn Himes.	10-Q	000-32405	10.4	10/26/2018

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
10.45*	Amended and Restated Employment Agreement dated October 25, 2018, between Seattle Genetics, Inc. and Darren Cline.	10-Q	000-32405	10.5	10/26/2018
10.46*	Amended and Restated Employment Agreement dated October 25, 2018, between Seattle Genetics, Inc. and Jean Liu.	10-Q	000-32405	10.6	10/26/2018
10.47*	Employment Agreement, dated May 20, 2019, between Seattle Genetics, Inc. and Robin Taylor.	10-Q	000-32405	10.3	7/16/2019
10.48*	Seattle Genetics, Inc. Amended and Restated 1998 Stock Option Plan, effective as of August 5, 2009.	10-Q	000-32405	10.1	8/10/2009
10.49*	Seattle Genetics, Inc. 2000 Directors' Stock Option Plan, as amended February 5, 2010.	10-K	000-32405	10.13	3/12/2010
10.50*	Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan, effective as of May 18, 2012.	10-Q	000-32405	10.1	8/8/2012
10.51*	Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan, effective as of May 16, 2014.	10-Q	000-32405	10.1	8/8/2014
10.52*	Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan, effective as of May 20, 2016.	10-Q	000-32405	10.4	7/26/2016
10.53*	Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan, effective as of May 18, 2018.	10-Q	000-32405	10.2	7/26/2018
10.54*	Seattle Genetics, Inc. Long Term Incentive Plan for ECHELON-1, effective as of May 9, 2016.	10-Q	000-32405	10.2	7/26/2016
10.55*	Seattle Genetics, Inc. Long Term Incentive Plan for EV and TV, effective as of September 29, 2017.	10-Q	000-32405	10.4	11/6/2017
10.56*	Seattle Genetics, Inc. Long Term Incentive Plan for Tucatinib, effective as of October 24, 2018.	10-Q	000-32405	10.7	10/26/2018
10.57*	Seattle Genetics, Inc. Senior Executive Annual Bonus Plan, as amended February 4, 2019	10-K	000-32405	10.69	02/07/2019
10.58*	Seattle Genetics, Inc. Amended and Restated 2000 Employee Stock Purchase Plan, effective as of May 20, 2019.	S-8	333-232397	99.1	6/27/2019
10.59*	Form Notice of Grant and Stock Option Agreement under Seattle Genetics, Inc. Amended and Restated 1998 Stock Option Plan.	10-K	000-32405	10.11	3/15/2005
10.60*	Form Notice of Grant and Stock Option Agreement under Seattle Genetics, Inc. 2000 Directors' Stock Option Plan.	10-K	000-32405	10.12	3/15/2005
10.61*	Form Stock Option Agreement for employees under Seattle Genetics, Inc. 2007 Equity Incentive Plan.	10-K	000-32405	10.44	3/13/2009
10.62*	Form of Notice of Stock Option Grant and Stock Option Agreement for non-employee directors under the Amended and Restated 2007 Equity Incentive Plan.	10-Q	000-32405	10.4	8/5/2011
10.63*	Form of Stock Unit Grant Notice and Stock Unit Agreement for employees under Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan.	8-K	000-32405	10.1	8/30/2011
10.64*	Form of Stock Unit Grant Notice and Stock Unit Agreement for non-employee directors under the Amended and Restated 2007 Equity Incentive Plan.	10-K	000-32405	10.33	2/28/2014
10.65*	Form of Stock Option Agreement for Long Term Incentive Plan for ECHELON-1 under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan.	10-Q	000-32405	10.3	7/26/2016

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
10.66*	Form of Notice of Stock Option Grant and Stock Option Agreement for non-employee directors under the Amended and Restated 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.3	7/26/2018
10.67*	Form of Stock Unit Grant Notice and Stock Unit Agreement for non-employee directors under the Amended and Restated 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.4	7/26/2018
10.68*	Form of Stock Option Agreement for Non-US Participants under the Amended and Restated 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.5	7/26/2018
10.69*	Form of Stock Unit Grant Notice and Stock Unit Agreement for non-US participants under the Amended and Restated 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.6	7/26/2018
10.70*	Form of Performance-Based Stock Option Agreement for employees under Seattle Genetics, Inc. 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.7	7/26/2018
10.71*	Form of Time-Based Stock Option Agreement for employees under Seattle Genetics, Inc. 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.8	7/26/2018
10.72*	Form of Performance-Based Stock Unit Grant Notice and Stock Unit Agreement for employees under Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.9	7/26/2018
10.73*	Form of Time-Based Stock Unit Grant Notice and Stock Unit Agreement for employees under Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved May 18, 2018).	10-Q	000-32405	10.10	7/26/2018
10.74*	Form of Stock Option Agreement for U.S. Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved August 30, 2018).	10-Q	000-32405	10.8	10/26/2018
10.75*	Form of Stock Option Agreement for non-US Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved August 30, 2018).	10-Q	000-32405	10.9	10/26/2018
10.76*	Form of Performance-Based Stock Unit Agreement for U.S. Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved August 30, 2018).	10-Q	000-32405	10.10	10/26/2018
10.77*	Form of Stock Unit Grant Notice and Stock Unit Agreement for US Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved October 24, 2018).	10-Q	000-32405	10.11	10/26/2018
10.78*	Form of Stock Unit Grant Notice and Stock Unit Agreement for non-US Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved October 24, 2018).	10-Q	000-32405	10.12	10/26/2018
10.79*	Form of Performance-Based Stock Unit Grant Notice and Stock Unit Agreement under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved August 26, 2019).	10-Q	000-32405	10.1	10/30/2019
10.80*+	Form of Stock Option Agreement for U.S. Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved December 19, 2019).	—	—	—	—

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
10.81*+	Form of Stock Option Agreement for Non-US Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved December 19, 2019).	—	—	—	—
10.82*+	Form of Time-Based Stock Unit Grant Notice and Stock Unit Agreement for employees under Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved December 19, 2019).	—	—	—	—
10.83*+	Form of Stock Unit Grant Notice and Stock Unit Agreement for non-US Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved December 19, 2019).	—	—	—	—
10.84*+	Form of Performance-Based Stock Unit Agreement for U.S. Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved December 19, 2019).	—	—	—	—
10.85*+	Form of Stock Unit Grant Notice for US Participants Long Term Incentive Plan for EV and TV (approved December 19, 2019).	—	—	—	—
10.86*+	Form of Stock Unit Grant Notice for Non-US Participants Long Term Incentive Plan for EV and TV (approved December 19, 2019).	—	—	—	—
10.87*+	Form of Performance-Based Stock Unit Notice and Stock Unit Agreement for U.S. Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved December 24, 2019).	—	—	—	—
10.88*+	Form of Performance-Based Stock Unit Notice and Stock Unit Agreement for Non-U.S. Participants under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (approved December 24, 2019).	—	—	—	—
21.1+	Subsidiaries of Seattle Genetics, Inc.	—	—	—	—
23.1+	Consent of Independent Registered Public Accounting Firm	—	—	—	—
31.1+	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).	—	—	—	—
31.2+	Certification of Chief Financial Officer pursuant to Rule 13a-14(a).	—	—	—	—
32.1+	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	—	—	—	—
32.2+	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	—	—	—	—
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Loss, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.	—	—	—	—
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	—	—	—	—

+	Filed herewith.
†	Pursuant to a request for confidential treatment, portions of this Exhibit have been redacted from the publicly filed document and have been furnished separately to the Securities and Exchange Commission as required by Rule 24b-2 under the Securities Exchange Act of 1934.
††	Certain confidential information contained in this Exhibit, marked by brackets in the Exhibit, has been omitted, because it is both not material and would likely cause competitive harm if publicly disclosed.
*	Indicates a management contract or compensatory plan or arrangement.
**	Schedules have been omitted pursuant to Item 601(b)(2) of Regulations S-K. The registrant will furnish copies of any such schedules to the Securities and Exchange Commission upon request.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEATTLE GENETICS, INC.

Date: February 6, 2020 By: /S/ CLAY B. SIEGALL

Clay B. Siegall
President & Chief Executive Officer
(Principal Executive Officer)

Date: February 6, 2020 By: /S/ TODD E. SIMPSON

Todd E. Simpson
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ CLAY B. SIEGALL Clay B. Siegall	Director, President & CEO (Principal Executive Officer)	February 6, 2020
/S/ TODD E. SIMPSON Todd E. Simpson	Chief Financial Officer (Principal Financial and Accounting Officer)	February 6, 2020
/S/ SRINIVAS AKKARAJU Srinivas Akkaraju	Director	February 6, 2020
/S/ FELIX J. BAKER Felix J. Baker	Director	February 6, 2020
/S/ DAVID W. GRYSKA David W. Gryska	Director	February 6, 2020
/S/ MARC E. LIPPMAN Marc E. Lippman	Director	February 6, 2020
/S/ JOHN A. ORWIN John A. Orwin	Director	February 6, 2020
/S/ Alpna Seth Alpna Seth	Director	February 6, 2020
/S/ NANCY A. SIMONIAN Nancy A. Simonian	Director	February 6, 2020
/S/ DANIEL G. WELCH Daniel G. Welch	Director	February 6, 2020

DESCRIPTION OF SECURITIES

Our fourth amended and restated certificate of incorporation (as amended), or the Restated Certificate, authorizes us to issue 250,000,000 shares of common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.001 per share. As of February 3, 2020, 172,259,645 shares of common stock were outstanding and no shares of our preferred stock were outstanding.

The following summary description of our securities is based on the provisions of the Restated Certificate, our amended and restated bylaws, or Bylaws, and the applicable provisions of the General Corporation Law of the State of Delaware, or DGCL, and the Washington Business Corporation Act, or WBCA,. This information may not be complete in all respects and is qualified entirely by reference to the provisions of the Restated Certificate, the Bylaws, the DGCL and the WBCA. The Restated Certificate and Bylaws are filed as exhibits to the Annual Report on Form 10-K to which this Description of Securities is an exhibit.

Common Stock

The holders of common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Subject to the preferences of any outstanding shares of preferred stock, the holders of common stock are entitled to receive ratably any dividends our board of directors declares out of funds legally available for the payment of dividends. If we are liquidated, dissolved or wound up, the holders of common stock are entitled to share pro rata all assets remaining after payment of liabilities and liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights or rights to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock. Our outstanding shares of common stock are fully paid and nonassessable.

Additional shares of authorized common stock may be issued, as authorized by our board of directors from time to time, without stockholder approval, except as may be required by applicable stock exchange requirements.

Preferred Stock

Pursuant to the Restated Certificate, our board of directors has the authority, without further action by the stockholders, to issue shares of preferred stock in one or more series. Our board of directors also has the authority to determine or alter the designation, rights, preferences, privileges and restrictions granted to or imposed upon any unissued series of preferred stock, any or all of which may be greater than the rights of the common stock. Our board of directors, without stockholder approval, may issue preferred stock with voting, conversion or other rights that are superior to the voting and other rights of the holders of common stock. The issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of Seattle Genetics without further action by the stockholders, and may have the effect of delaying or preventing changes in management of Seattle Genetics. In addition, the issuance of preferred stock may have the effect of decreasing the market price of the common stock and may adversely affect the voting power of holders of common stock and reduce the likelihood that common stockholders will receive dividend payments and payments upon liquidation.

Antitakeover Effects of Provisions of Charter Documents, DGCL and WBCA

Charter Documents

As noted above, our board of directors, without stockholder approval, has the authority under our Restated Certificate to issue preferred stock with rights superior to the rights of the holders of common stock. As a result, the issuance of preferred stock may have the effect of delaying, deferring or preventing a change of control of Seattle Genetics without further action by the stockholders and may adversely affect the voting and other rights of the holders of common stock.

Our Restated Certificate provides for our board of directors to be divided into three classes, with staggered three-year terms. As a result, only one class of directors is elected at each annual meeting of stockholders, with the

other classes continuing for the remainder of their respective three-year terms. Stockholders have no cumulative voting rights.

Our Restated Certificate also requires that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of the stockholders and may not be effected by a consent in writing, and that the stockholders may amend our Bylaws or adopt new bylaws only by the affirmative vote of 66-2/3% of the outstanding voting securities. Our Bylaws provide that a special meeting of the stockholders may be called only by our board of directors, our chairman, our chief executive officer, or by one or more stockholders holding shares in the aggregate entitled to cast not less than 50% of the outstanding shares of each class of stock entitled to vote at that meeting. These provisions may have the effect of delaying, deferring or preventing a change in control and may also delay or prevent changes in management of Seattle Genetics, which could have an adverse effect on the market price of our stock.

These and other provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, such provisions also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts.

Section 203 of the General Corporation Law of the State of Delaware

We are subject to Section 203 of the DGCL which regulates acquisitions of some Delaware corporations. In general, Section 203 prohibits, with some exceptions, a publicly held Delaware corporation such as us from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time that the stockholder became an interested stockholder, unless:

- prior to the time the stockholder became an interested stockholder, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (a) persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the time the stockholder became an interested stockholder, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 of the DGCL generally defines a "business combination" to include any of the following:

- any merger or consolidation involving the corporation and the interested stockholder;

- any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) involving the interested stockholder of 10% or more of the assets of the corporation (or its majority-owned subsidiary);

- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

- subject to exceptions, any transaction involving the corporation that has the effect, directly or indirectly, of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; and

- the receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of such corporation), of any loans, advances, guarantees, pledges or other financial benefits, other than certain benefits set forth in Section 203, provided by or through the corporation.

In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person that is an affiliate or associate of such entity or person.

Section 203 of the DGCL could depress our stock price and delay, discourage or prohibit transactions not approved in advance by our board of directors, such as takeover attempts that might otherwise involve the payment to our stockholders of a premium over the market price of our common stock.

Chapter 23B.19 of the Washington Business Corporation Act

We may also be subject to the provisions of Chapter 23B.19 of the WBCA, which imposes restrictions on certain transactions between a corporation and certain significant stockholders. The WBCA generally prohibits a "target corporation" (as defined in the WBCA) from engaging in certain significant business transactions with an "acquiring person," which is defined as a person or group of persons that beneficially owns 10% or more of the voting securities of the target corporation, for a period of five years after such acquisition, unless the transaction or acquisition of shares is approved by a majority of the members of the target corporation's board of directors prior to the time of the acquisition or at or subsequent to the acquiring person's share acquisition time, such significant business transaction is approved by a majority of the members of the target corporation's board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66-2/3% of the outstanding voting shares, except for shares beneficially owned by or under the voting control of the acquiring person. Such prohibited transactions include, among other things:

- a merger or consolidation with, disposition of assets to, or issuance or redemption of stock to or from, the acquiring person;
- termination of 5% or more of the employees of the target corporation as a result of the acquiring person's acquisition of 10% or more of the shares; or

- allowing the acquiring person to receive any disproportionate benefit as a stockholder.

After the five-year period, a "significant business transaction" may occur if it complies with "fair price" provisions specified in the statute. A corporation may not "opt out" of this statute. Depending on whether Seattle

Genetics meets the definition of a “target corporation” under the WBCA, Chapter 23B.19 of the WBCA may have the effect of delaying, deterring or preventing a change in control of Seattle Genetics.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare, Inc. Its address is P.O. Box 50500, Louisville, KY 40233 and its telephone number is (877) 419-8489.

Listing on The Nasdaq Global Select Market

Our common stock is listed on The Nasdaq Global Select Market under the symbol “SGEN.”

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[***] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

Exhibit 10.1

COLLABORATION AGREEMENT

This **COLLABORATION AGREEMENT** (the **"Agreement"**) is entered into on December 14, 2009 (the **"Effective Date"**) by and between **Seattle Genetics, Inc.**, a Delaware corporation, with its principal place of business at 21823 30th Drive SE, Bothell, WA 98021 (**"SGI"**), and Millennium Pharmaceuticals, Inc., with its principal place of business at 40 Landsdowne Street, Cambridge, MA 02139 (**"MPI"**). SGI and MPI are sometimes referred to herein individually as a **"Party"** and collectively as the **"Parties."**

RECITALS

WHEREAS, SGI is developing a proprietary antibody-drug conjugate product, brentuximab-vedotin, generally referred to as "**SGN-35**", for the treatment of CD30-positive malignancies, including Hodgkin lymphoma and anaplastic large cell lymphoma, as well as potentially autoimmune diseases;

WHEREAS, MPI possesses substantial resources and expertise in the development, marketing and commercialization of pharmaceutical products; and

WHEREAS, MPI desires to collaborate with SGI on the development of SGN-35, and to obtain exclusive rights to market and commercialize SGN-35 in the Licensed Territory (as defined below), and SGI is willing to so collaborate and to grant such rights on the terms and conditions set forth below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Agreement, the Parties agree as follows:

Article 1

DEFINITIONS

As used in this Agreement, the following initially capitalized terms, whether used in the singular or plural form, shall have the meanings set forth in this Article 1.

1.1 "13D Group" has the meaning set forth in Section 15.6(a).

1.2 "**Accounting Standard**" has the meaning set forth in the definition of "Cost of Goods Sold" in this Article 1.

1.3 "Acquired Party" has the meaning set forth in Section 15.7.

1.4 "Acquisition" has the meaning set forth in Section 15.6(f).

1.5 "Advertising, Marketing, Medical Affairs and Promotion Expenses" has the meaning set forth in Section 6.3(a).

1.6 "Affiliate" means, with respect to a particular Person, a Person that controls, is controlled by or is under common control with such first Person. For the purposes of this definition, the word "control" (including, with correlative meaning, the terms "controlled by" or "under the common control with") means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such entity, whether by the ownership of [***] or more of the voting stock of such entity, or by contract or otherwise. Notwithstanding the foregoing, [***] shall be deemed an Affiliate of [***].

1.7 "Alliance Manager" has the meaning set forth in Section 3.19.

1.8 "**Antibody**" means an antibody, or fragment thereof, or a molecule that is derived from nucleotide sequences encoding, or amino acid sequences of, any such antibody or fragment.

1.9 "Audited Party" has the meaning set forth in Section 8.11.

1.10 "Auditing Party" has the meaning set forth in Section 8.11.

1.11 "Best Knowledge" means, as applied to SGI, that one or more of SGI's Chief Executive Officer, Chief Medical Officer, Chief Financial Officer, Chief Business Officer, Executive Vice President, Development, Executive Vice President, Technical Operations, Senior Vice President, Commercial, general counsel, most senior internal intellectual property counsel and Senior Vice President, Regulatory is actually aware (or unaware, as the context may require) of a particular fact or other matter, after reasonable inquiry, but without any duty to conduct any patent searches or obtain any patent opinions that it has not already conducted or obtained in the course of its commercially reasonable intellectual property diligence efforts as of the Effective Date (including any country-specific patent searches or patent opinions in the Licensed Territory).

1.12 "Business Day" means a day other than Saturday or Sunday on which the banks in Seattle, Washington and Boston, Massachusetts are open for business.

1.13 "Buy-In Right" has the meaning set forth in Section 4.7(b).

1.14 "Calendar Quarter" means each successive period of three months commencing January 1, April 1, July 1, and October 1.

1.15 "Calendar Year" means, for the first Calendar Year, the period commencing on the Effective Date and ending on December 31 of the year during which the Effective Date occurs, and each successive period of twelve (12) months commencing on January 1.

1.16 "CD30 Product Activities" has the meaning set forth in Section 9.5(b)(ii).

1.17 "CDA" has the meaning set forth in the definition of "Confidential Information" in this Article 1.

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1.18 "**Change of Control**" means, with respect to a Party, (a) the closing of a merger, tender offer, share exchange, reorganization, consolidation or other similar transaction involving such Party or any of its Affiliates that control (as defined in Section 1.6) such Party in which either its shareholders or the shareholders of such Affiliate immediately prior to such transaction would hold [***] or less of the securities or other ownership or voting interests representing the equity of the surviving or resulting entity immediately after such transaction, or (b) the closing of any sale of all or substantially all of the assets of such Party, other than a sale of all or substantially all of the assets of such Party to an entity of which more than [***] of the securities or other ownership or voting interests representing the equity of such entity are owned after such sale by shareholders of such Party in substantially the same proportions as their ownership of such Party immediately prior to such sale.

1.19 **"Claims"** has the meaning set forth in Section 11.1.

1.20 "**CMC**" means Chemistry, Manufacturing and Controls.

1.21 **"[***]"** means (a) [***], or (b) [***].

1.22 **"Commercialization**" means all activities, whether undertaken before and/or after obtaining Regulatory Approvals of an MAA or NDA, relating specifically to the pre-launch, launch, promotion, marketing, branding, sales, and distribution of the Licensed Product within the Field, including: (a) strategic marketing, sales force detailing, advertising, medical education and liaison, reimbursement (other than Pricing Approval) and market access activities and market and Licensed Product support; and (b) all customer support, Licensed Product distribution, invoicing and sales activities. For clarity, Commercialization shall exclude any Manufacturing activities. **"Commercialize"** shall have a correlative meaning.

1.23 **"Commercially Reasonable Efforts"** means, with respect to a Party, the application by or on behalf of such Party [***].

1.24 "**Commercial Quality Agreement**" has the meaning set forth in Section 7.4.

1.25 "**Commercial Supply Agreement**" has the meaning set forth in Section 7.4.

1.26 **"Completion"** has the meaning set forth in Section 2.6(d).

1.27 **"Confidential Information"** means, with respect to a Party, all Information of such Party or its Affiliates that is disclosed to the other Party under this Agreement, whether in oral, written, graphic, or electronic form (except as provided in Section 12.1). All Information relating to a Licensed Product disclosed by either Party or its Affiliates pursuant to the Non-Disclosure Agreement between SGI and MPI dated [***], as amended, and the [***] between [***], [***] and [***] dated [***] (each, a "**CDA**" and collectively, the "**CDAs**"), shall be deemed to be such Party's Confidential Information disclosed hereunder.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.**

1.28 "Control" means, with respect to a Party and any material, Information, or intellectual property right and with respect to a particular point in time, that such Party or any of its Affiliates owns or has a license to such material, Information, or intellectual property right and has the ability to grant to the other Party access, a license, or a sublicense (as applicable) to such material, Information, or intellectual property right on the terms and conditions set forth herein without violating the terms of any agreement or other arrangement with any Third Party existing at such time.

1.29 "**Cost Allocation**" has the meaning set forth in Section 8.2(b).

1.30 "Cost of Goods Sold" means, with respect to Licensed Product supplied by a Party to the other Party hereunder, [***]:

(a) The amounts paid by the supplying Party or its Affiliates to a Third Party for (i) [***], and (ii) [***]; and

(b) To the extent not included in subsection (a), [***].

For the avoidance of doubt, when calculating Cost of Goods Sold, [***]. For the sake of clarity, (i) [***], and (ii) [***].

1.31 "Develop" or **"Development"** means the conduct of research, pre-clinical and clinical drug development activities pertaining to a Licensed Product, including toxicology, pharmacology, test method development, stability testing, process development, technology transfer, formulation development, delivery system development, quality assurance and quality control development, statistical analysis, clinical studies (including investigator-sponsored clinical trials, Phase 4 Clinical Trials and any post-approval studies required by the relevant Regulatory Authority), regulatory affairs, pharmacovigilance, Regulatory Approval and Pricing Approval, and clinical study regulatory activities (including regulatory activities directed to obtaining pricing and reimbursement approvals).

1.32 "Developing Party" has the meaning set forth in Section 2.6(d).

1.33 "Development Budget" has the meaning assigned thereto in Section 4.2(a).

1.34 "**Distributor**" means any Third Party appointed by the relevant Party or its Affiliates, in accordance with such Party's or its Affiliate's typical practices for its proprietary products, to distribute, market, and sell Licensed Products, where such Third Party is not granted any right to make or have made or conduct clinical Development of Licensed Products.

1.35 "Dollar" means a U.S. dollar, and "$" shall be interpreted accordingly.

1.36 "[***]" has the meaning set forth in Section [***].

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1.37 "**EMEA"** means the European Medicines Agency, or any successor entity thereto.

1.38 "**EU**" means the countries of the European Union, as its membership may be altered from time to time, and any successor thereto.

1.39 **"Executive Officer"** means, with respect to SGI, the chief executive officer of SGI (or senior executive designee of such chief executive officer), and, with respect to MPI, the chief executive officer of MPI (or senior executive designee of such chief executive officer).

1.40 "**Existing Third Party Agreement**" has the meaning set forth in Section 8.6.

1.41 **"FDA"** means the U.S. Food and Drug Administration, or any successor entity thereto.

1.42 **"FD&C Act"** means the U.S. Federal Food, Drug, and Cosmetic Act, as amended.

1.43 **"Field"** means the diagnosis, prevention, control, and/or treatment of any and all therapeutic indications.

1.44 **"First [***] Indication"** has the meaning set forth in Section 8.3(e).

1.45 **"First Commercial Sale"** means the first sale to a Third Party of a Licensed Product in a given regulatory jurisdiction [***] has been obtained in such jurisdiction or, [***], after [***]. For clarity, First Commercial Sale [***]**.**

1.46 **"First Opt-In Costs"** has the meaning set forth in Section 2.6(d).

1.47 **"First Opt-In Point"** has the meaning set forth in Section 2.6(d).

1.48 **"First Opt-In Right"** has the meaning set forth in Section 2.6(d).

1.49 **"Force Majeure"** has the meaning set forth in Section 15.2.

1.50 **"FTE"** means the equivalent of a full-time employee of either Party (including normal vacations, sick leave, and other similar matters) to the extent performing scientific, medical, technical, managerial, or other activities (other than patent activities, accounting and other finance activities, and other G&A activities). An FTE charged to either Party shall represent the actual time a full-time employee of such Party spends working on activities assigned to such Party under the Global Product Development Plan or for services provided pursuant to Section 4.2(c), as recorded in such Party's project time reporting system. For the avoidance of doubt, the time shall be recorded in a manner such that no employee of either Party can report him/herself as more than one (1) FTE in any given month. An FTE is measured on the basis of a total of [***] per [***].

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1.51 "FTE Rate" means the rate for an FTE to be charged to the Joint Development Costs for Joint Development activities or for services provided pursuant to Section 4.2(c). The initial FTE rate shall be [***] and [***] beginning [***] based on the [***]. [***].

1.52 "**Future Third Party Agreement**" means any license agreement entered into between SGI or MPI and any Third Party following the Effective Date pursuant to Section 2.1(f), except as provided as in Section 2.1(f)(iv)(2).

1.53 "Generic Market Data" has the meaning set forth in Section 8.5(c).

1.54 "Generic Product" means a Third Party product (a) [***], and (b) [***]. Notwithstanding the foregoing, [***].

1.55 "Global Product Development Plan" means the plan pursuant to which the Parties will conduct certain collaborative activities relating to the Development of the Licensed Product in the Territory, as further set forth in Section 4.2(a), and includes the relevant Development Budget.

1.56 "**Global Regulatory Plan**" has the meaning set forth in Section 5.1(a).

1.57 "Good Clinical Practices" or **"GCP"** means the then-current standards, practices and procedures promulgated or endorsed by the FDA as set forth in the guidelines entitled "Guidance for Industry E6 Good Clinical Practice: Consolidated Guidance," including related regulatory requirements imposed by the FDA.

1.58 "Good Laboratory Practices" or **"GLP"** means the then-current good laboratory practice standards promulgated or endorsed by the FDA as defined in 21 C.F.R. Part 58.

1.59 "Good Manufacturing Practices" or **"GMP"** means the then-current good manufacturing practices required by the FDA, as set forth in the FD&C Act and the regulations promulgated thereunder, for the manufacture and testing of pharmaceutical materials, and comparable laws or regulations applicable to the manufacture and testing of pharmaceutical materials in jurisdictions outside the U.S., as they may be updated from time to time. Good Manufacturing Practices shall include applicable quality guidelines promulgated under the International Conference on Harmonization (**"ICH"**).

1.60 "Governmental Authority" means any multi-national, federal, state, local, municipal or other government authority of any nature (including any governmental division, prefecture, subdivision, department, agency, bureau, branch, office, commission, council, court or other tribunal).

1.61 "[***] Indication" has the meaning set forth in Section 8.3(d).

1.62 "**ICH**" has the meaning set forth in the definition of "Good Manufacturing Practices" in this Article 1.

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1.63 "**Incremental Activity**" has the meaning set forth in Section 4.7(a).

1.64 **"IND"** means (a) an Investigational New Drug Application as defined in the FD&C Act and applicable regulations promulgated hereunder by the FDA, or (b) the equivalent application to the equivalent agency in any other regulatory jurisdiction outside the U.S., the submission of which is necessary to commence or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction, including a Clinical Trial Authorization (CTA).

1.65 **"Indemnified Party"** has the meaning set forth in Section 11.3.

1.66 **"Indemnifying Party"** has the meaning set forth in Section 11.3.

1.67 **"Independent Activity"** has the meaning set forth in Section 4.7(b).

1.68 **"Information"** means any data, results, technology, business information and information of any type whatsoever, in any tangible or intangible form, and any tangible materials, including know how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise) (including biological materials, cell lines and assays), software, algorithms, marketing reports, expertise, technology, test data (including pharmacological, biological, chemical, biochemical, toxicological, preclinical and clinical test data), analytical and quality control data, stability data, other study data and procedures.

1.69 **"Initial Global Product Development Plan"** has the meaning set forth in Section 4.2(c).

1.70 **"Initiation"** means, with respect to a given clinical trial, the first dosing of the first person to be dosed pursuant to the protocol for such clinical trial.

1.71 "**Japan Development Activities**" means those Development activities solely related to Development in Japan or solely required for obtaining Regulatory Approval and Pricing Approval in Japan.

1.72 "**Joint Commercialization Committee**" or "**JCC**" means the committee formed by the Parties as described in Section 3.9.

1.73 **"Joint Development"** means the respective activities of each Party to conduct the activities that are included within the Global Product Development Plan.

1.74 "**Joint Development Committee**" or "**JDC**" means the committee formed by the Parties as described in Section 3.5.

1.75 **"Joint Development Costs"** means all [***] by a Party or for its account and [***].

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1.76 "Joint Inventions" has the meaning set forth in Section 9.1.

1.77 "**Joint Manufacturing Committee**" or "**JMC**" means the committee formed by the Parties as described in Section 3.13.

1.78 "Joint Patent" has the meaning set forth in Section 9.3(c).

1.79 "**Joint Results**" has the meaning set forth in Section 4.6.

1.80 "**Joint Steering Committee**" or "**JSC**" means the committee formed by the Parties as described in Section 3.1.

1.81 "Key Country" means each of the following countries: [***].

1.82 "Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of any federal, national, multinational, state, provincial, county, city or other political subdivision, domestic or foreign, including applicable national and international (*e.g.,* ICH, GCP, GLP, and GMP) guidelines.

1.83 "Lead Development Party" has the meaning set forth in Section 4.2(b).

1.84 "Licensed Product" means SGN-35, as described in more detail in **Exhibit D**, including all formulations and dosage forms thereof.

1.85 "Licensed Technology" means, collectively, the SGI Patent Rights, the SGI Know How, SGI's rights under the SGI Third Party Patent Rights, and SGI's interest in any Joint Inventions and Joint Patents (to the extent relating to a Licensed Product).

1.86 "Licensed Territory" means the Territory except the SGI Territory.

1.87 "Linker-Conjugate" means one or more [***] or any [***], which [***] or [***] are owned or Controlled by SGI or MPI (or one of their respective Affiliates).

1.88 "Linker-Conjugate Allocation" has the meaning set forth in Section 2.6(d).

1.89 "Major European Countries" means [***].

1.90 "Manufacture" means, with respect to a Licensed Product, those manufacturing-related activities that support the Development (including the seeking and obtaining of Regulatory Approvals) and Commercialization of such Licensed Product, including manufacturing process development and scale-up, validation, qualification and audit of clinical and commercial manufacturing facilities, bulk production, fill/finish work and stability testing, related quality assurance technical support activities and CMC activities, and including, in the case of a clinical or commercial supply of such Licensed Product, the synthesis, manufacturing, processing, formulating, packaging, labeling, holding, quality control testing and release of such Licensed Product. "Manufacturing" has a correlative meaning.

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1.91 "Marketing Authorization Application" or **"MAA"** means an application to the appropriate Regulatory Authority for approval to sell the Licensed Product (but excluding Pricing Approval) in any particular jurisdiction outside the U.S.

1.92 "**Material Adverse SGI Breach"** has the meaning set forth in Section 13.6.

1.93 "Measured Commercial Year" has the meaning set forth in Section 6.3(a).

1.94 "**MHLW**" means the Ministry of Health, Labour and Welfare in Japan, or any successor entity thereto.

1.95 "**MPI Collaboration Technology**" means the Sole Inventions (other than MPI Drug-Linker Inventions) made by MPI or its Affiliates' employees, agents, or independent contractors in the course of conducting its activities under this Agreement (to the extent relating to a Licensed Product) (the "**MPI Collaboration Know How**"), together with all Patents claiming such inventions (the **"MPI Collaboration Patent Rights"**). MPI Collaboration Know How includes all Information, and MPI Collaboration Patent Rights includes all Patents, that are [***]. Notwithstanding anything to the contrary set forth in this definition, [***].

1.1 "MPI Drug-Linker Invention" has the meaning set forth in Section 9.1.

1.2 "MPI Indemnitees" has the meaning set forth in Section 11.1.

1.3 "MPI Independent Activities" means Independent Activities undertaken by MPI pursuant to Section 4.7(b).

1.4 "MPI Know How" means MPI Collaboration Know How and MPI Non-Collaboration Know How, collectively.

1.5 "MPI Non-Collaboration Know How" means all Information Controlled by MPI as of the Effective Date or during the Term [***], other than the MPI Collaboration Know How.

1.6 "MPI Non-Collaboration Patent Rights" means all Patents (other than Joint Patents and MPI Collaboration Patent Rights) Controlled by MPI as of the Effective Date or at any time during the Term (a) that claim a [***], the manufacture or use thereof or any other process or method to the extent that such process or method is used by MPI or its Affiliates to [***], or (b) [***].

1.7 "MPI Patent Rights" means MPI Collaboration Patent Rights and MPI Non-Collaboration Patent Rights, collectively.

1.8 "MPI Technology" means the MPI Patent Rights, the MPI Know How, and MPI's interest in any Joint Inventions and Joint Patents.

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1.9 "**NDA**" means a New Drug Application or Biologics License Application in the United States, as defined in the FD&C Act or United States Public Health Service Act, as applicable, and applicable regulations promulgated thereunder by the FDA, or any successor application thereto.

1.10 "Net Sales" means the [***] of Licensed Products (including [***], subject to the remainder of this Section 1.105) sold or otherwise disposed of for consideration by MPI, its Affiliates, or their respective sublicensees, to independent Third Parties [***]: (a) [***]; (b) [***]; (c) [***]; (d**)** [***]; and (e) [***]. For the avoidance of doubt, if a single item falls into more than one of the categories set forth in clauses (a) – (e) above, such item shall [***]. For the sake of clarity, a Distributor shall [***].

If MPI, its Affiliates, or their respective sublicensees [***]. For clarity, [***]. In addition, [***]; provided, however that, [***].

If the Licensed Product is sold as part of a [***], the Net Sales from the [***], for the purposes of determining sales milestones and royalties, shall be determined by [***]. If such average sale price cannot be determined for all other [***]. If such average sale price cannot be determined [***]. [***].

1.11 "**Non-Commercial Quality Agreement**" has the meaning set forth in Section 7.3.

1.12 "**Non-Commercial Supply Agreement**" has the meaning set forth in Section 7.3.

1.13 "Patents" means (a) pending patent applications (including provisional applications) and patents issuing therefrom, issued patents, utility models and designs; and (b) reissues, substitutions, confirmations, registrations, validations, re-examinations, additions, continuations, continued prosecution applications, continuations-in-part, or divisions of or to any patents, patent applications, utility models or designs, in each case applied for or being enforceable within any country in the Territory.

1.14 "Patent Term Extension" means any term extensions, supplementary protection certificates, Regulatory Exclusivity and equivalents thereof offering patent or patent-like protection beyond the initial term with respect to any issued Patents.

1.15 "Person" means a person, corporation, partnership, or other entity.

1.16 "PFMP" has the meaning set forth in Section 7.6(a).

1.17 "Pharmacovigilance Agreement" has the meaning set forth in Section 5.5.

1.18 "Phase 3 Clinical Trial" means one or more clinical trials on sufficient numbers of patients, which trial(s) are designed to (a) establish that a drug is safe and efficacious for its intended use; (b) define warnings, precautions and adverse reactions

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that are associated with the drug in the dosage range to be prescribed; and (c) support approval of an application to a Regulatory Authority for the commercial sale of such drug.

1.19 "Phase 4 Clinical Trial" means a product support clinical trial of a product that is conducted after receipt of Regulatory Approval of an MAA or NDA in the country where such trial is conducted. A Phase 4 Clinical Trial may include epidemiological studies, modeling and pharmacoeconomic studies and post-marketing surveillance trials.

1.20 "Pricing Approval" means the approval, agreement, determination or governmental decision establishing the price or level of reimbursement for the Licensed Product, as required in a given jurisdiction prior to sale of such Licensed Product in such jurisdiction.

1.21 "Product Complaint" means any written, verbal or electronic expression of dissatisfaction regarding the Licensed Product, including reports of actual or suspected product tampering, contamination, mislabeling or inclusion of improper ingredients.

1.22 "Proof of Activity Study" has the meaning set forth in Section 2.6(d).

1.23 "Regulatory Approvals" means all approvals (including supplements and amendments, [***], licenses, registrations or authorizations of any national, supra-national, regional, state or local regulatory agency, department, bureau, commission, council or other governmental entity, necessary for the Development or Commercialization of a Licensed Product, which may include the approval of a NDA or MAA, and satisfaction of all applicable regulatory and notification requirements.

1.24 "Regulatory Authority" means, in a particular country or jurisdiction, any applicable Governmental Authority involved in granting Regulatory Approval in such country or jurisdiction, including the FDA, the EMEA, and the MHLW.

1.25 "Regulatory Exclusivity" means any exclusive marketing rights or data exclusivity rights conferred by any Governmental Authority with respect to the Licensed Product, but excluding the rights conferred by a Patent.

1.26 "Regulatory Materials" means regulatory applications, submissions, notifications, communications, correspondence, registrations, Regulatory Approvals, Pricing Approvals and/or other submissions made to, received from or otherwise conducted with a Regulatory Authority that are necessary or reasonably desirable in order to Develop, Manufacture, market, sell or otherwise Commercialize Licensed Products in a particular country, territory or possession. Regulatory Materials include INDs, MAAs, NDAs and applications for Pricing Approvals.

1.27 "Royalty Term" has the meaning set forth in Section 8.5(f).

1.28 "SEC" has the meaning set forth in Section 12.3(c).

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1.29 "[***]" means any product that contains an Antibody that [***], including such an Antibody that is [***], excluding the Licensed Product. For purposes of [***], one [***] shall be distinct from another (a) [***], or (b) [***]. A particular [***] includes [***].

1.30 "Second Opt-In Costs" has the meaning set forth in Section 2.6(d).

1.31 "Second Opt-In Point" has the meaning set forth in Section 2.6(d).

1.32 "Second Opt-In Right" has the meaning set forth in Section 2.6(d).

1.33 "SGI Bankruptcy Event" means (a) the entry of an order for relief under the U.S. Bankruptcy Code (or any other bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect) by SGI; (b) the commencement of an involuntary proceeding under the U.S. Bankruptcy Code or any other bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect against SGI, if not dismissed, bonded or stayed within ninety (90) days after such commencement; (c) the making by SGI of a general assignment for the benefit of creditors; or (d) the appointment of or taking possession by a receiver, liquidator, assignee, custodian, or trustee of all or substantially all of the business or property of SGI.

1.34 "SGI Indemnitees" has the meaning set forth in Section 11.2.

1.35 "SGI Independent Activities" means Independent Activities undertaken by SGI pursuant to Section 4.7(b).

1.36 "SGI Know How" means all Information Controlled by SGI as of the Effective Date or during the Term that [***]. For clarity, SGI Know-How includes all Information that is [***] (a) [***] (b) a [***] (a) or (b), [***].

1.37 "SGI Linker-Conjugate Technology" means (a) cytotoxic or cytostatic compounds Controlled by SGI, including the composition and methods of making and using such cytotoxic or cytostatic compounds, such as [***], (b) compositions and methods useful for attaching the cytotoxic or cytostatic compounds described in clause (a) to Antibodies, and (c) [***].

1.38 "**SGI Manufacturing Period"** has the meaning set forth in Section 7.2(a).

1.39 "SGI Patent Rights" means SGI Platform Patent Rights and SGI Product Patent Rights, collectively. The SGI Patent Rights existing as of the Effective Date are listed in **Exhibit A**.

1.40 "SGI Platform Know How" means all Information (other than Joint Inventions) that relates primarily to the SGI Linker-Conjugate Technology.

1.41 "SGI Platform Patent Rights" means all Patents (other than Joint Patents and SGI Third Party Patent Rights) that are Controlled by SGI as of the Effective Date or at any time during the Term that claim SGI Platform Know How or the manufacture or use

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thereof and that are necessary or useful for the Development, Manufacture, or Commercialization of Licensed Products. SGI Platform Patent Rights includes all Patents that are licensed to SGI or its Affiliates pursuant to a [***]. [***].

1.42 "SGI Product Know How" means all SGI Know How other than SGI Platform Know How.

1.43 "SGI [***]" means all Patents (other than Joint Patents, SGI Platform Patent Rights and SGI Third Party Patent Rights) Controlled by SGI as of the Effective Date or at any time during the Term (a) that claim a [***] or any other process or method to the extent that such process or method is or was used by SGI or its Affiliates [***], or (b) that [***] if not for the licenses granted hereunder, or in the case of pending patent applications, that, if issued, [***] if not for the licenses granted hereunder. SGI [***] includes all Patents that are licensed to SGI or its Affiliates pursuant to a Future Third Party Agreement entered into by SGI or its Affiliates solely to the extent that such Patents satisfy the first sentence of this definition of SGI [***]. [***].

1.44 "SGI Territory" means the U.S., Canada and their respective territories and possessions.

1.45 "SGI Third Party Patent Rights" means those Patents licensed to SGI pursuant to the Existing Third Party Agreements (a) that claim a Licensed Product or the manufacture or use thereof or any other process or method to the extent that such process or method is or was used by SGI or its Affiliates to Manufacture, Develop or Commercialize a Licensed Product, or (b) that would be infringed by the manufacture, use, import, offer for sale or sale of a Licensed Product if not for the licenses granted hereunder would be infringed by the manufacture, use, import, offer for sale or sale of a Licensed Product if not for the licenses granted hereunder. or in the case of pending patent applications, that, if issued, would be infringed by the manufacture, use, import, offer for sale or sale of a Licensed Product if not for the licenses granted hereunder. The SGI Third Party Patent Rights existing as of the Effective Date are listed in **Exhibit A**.

1.46 "Sole Inventions" has the meaning set forth in Section 9.1.

1.47 "**SOPs**" has the meaning set forth in Section 5.7(b).

1.48 "Standstill Provisions" has the meaning set forth in Section 15.6(c).

1.49 "Supply Negotiation Trigger Date" has the meaning set forth in Section 7.6(a).

1.50 "Supply Price" means, with respect to a unit of Licensed Product, the sum of (a) [***], and (b) [***].

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1.51 "Taxes" means taxes (other than income taxes), duties, tariffs or other governmental charges levied on the sale of Products, including consumption and value added taxes.

1.52 "Term" has the meaning set forth in Section 13.1.

1.53 "Terminated Country" means with respect to a termination of this Agreement, the country(ies) subject to such termination, to the extent applicable to terminations by SGI as provided in Section 13.3, or with respect to termination of this Agreement in its entirety, all countries in the Licensed Territory.

1.54 "Territory" means the entire world.

1.55 "Third Party" means any Person other than SGI or MPI or an Affiliate of either of them.

1.56 "Trigger Event" has the meaning set forth in Section 15.6(e).

1.57 "U.S." means the United States of America and its territories and possessions.

1.58 "Voting Stock" has the meaning set forth in Section 15.6(d).

1.59 "Working Group" has the meaning set forth in Section 3.18.

ARTICLE 2

LICENSES

2.1 Licenses to MPI.

(a) Co-Development Activities. Subject to the terms and conditions of this Agreement, SGI hereby grants MPI and its Affiliates a co-exclusive (with SGI), royalty-free, non-transferable (except in accordance with Section 15.5) license, under the Licensed Technology to Develop, import, and use Licensed Products in the Field solely in accordance with MPI's rights and responsibilities under the Global Product Development Plan. MPI and its Affiliates shall be permitted to sublicense the license granted under this Section 2.1(a) [***].

(b) Independent Development Activities. Subject to the terms and conditions of this Agreement, SGI hereby grants MPI and its Affiliates an exclusive, royalty-free, non-transferable (except in accordance with Section 15.5) license, with the right to grant sublicenses as provided below, under the Licensed Technology, to undertake, with respect to Licensed Products in the Field, [***] in the Licensed Territory and in the SGI Territory, [***]. MPI and its Affiliates shall be permitted to sublicense the license granted under this Section 2.1(b) to Third Parties.

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(c) Commercialization in Licensed Territory. Subject to the terms and conditions of this Agreement, SGI hereby grants MPI and its Affiliates an exclusive, royalty-bearing, non-transferable (except in accordance with Section 15.5) license, with the right to grant sublicenses as provided below, under the Licensed Technology, to distribute, import, sell, offer for sale and otherwise Commercialize Licensed Products in the Field, solely in the Licensed Territory. MPI and its Affiliates shall be permitted to sublicense the license granted under this Section 2.1(c) to Third Parties (including Distributors), subject to Section 2.5(b).

(d) Manufacturing. Subject to the terms and conditions of this Agreement, SGI hereby grants MPI and its Affiliates a co-exclusive (with SGI), non-transferable (except in accordance with Section 15.5) license, with the right to grant sublicenses solely to MPI's Third Party contract manufacturers or MPI's sublicensees pursuant to Sections 2.1(b) or 2.1(c), under the Licensed Technology to make, have made, and otherwise Manufacture Licensed Products in the Territory solely (i) for use by MPI and its Affiliates and their respective sublicensees for Development as permitted under this Agreement or for Commercialization in the Licensed Territory, or (ii) for any other obligations of MPI under Article 7.

(e) Exhibit A. SGI shall update **Exhibit A** from time to time to reflect the then-current list of SGI Patent Rights and shall use reasonable efforts to update **Exhibit A** from time to time to reflect the then-current list of SGI Third Party Patent Rights; provided, however, that any Patent that otherwise is an SGI Patent Right or an SGI Third Party Patent Right remains so even if it is not listed on **Exhibit A**.

(f) Sublicensed Rights.

(i) The licenses granted under this Section 2.1 are subject to and limited by the licenses granted, and other obligations owed, by SGI to a Third Party pursuant to the Existing Third Party Agreements and the Future Third Party Agreements. MPI agrees to comply with all applicable terms and conditions of the Existing Third Party Agreements and the Future Third Party Agreements entered into by SGI, [***]. Subject to Section 2.1(f)(iii), SGI agrees to comply with all applicable terms and conditions of the Future Third Party Agreements entered into by MPI. SGI shall notify MPI promptly if SGI breaches an Existing Third Party Agreement or upon receiving any written notice from a counterparty under an Existing Third Party Agreement that alleges that SGI has breached such agreement.

(ii) MPI shall be responsible for paying (A) (i) [***], (ii) [***], and (iii) [***], and (B) [***].

(iii) If a Party identifies any Third Party Information or Patents that may be necessary or useful to Develop, Manufacture or Commercialize the Licensed Product in the Territory, such Party shall promptly notify the other Party thereof and the Parties shall discuss the need for a license to such Information or Patents, taking into consideration any commercial advantages associated with the timing of licensing such Information or Patents, the usefulness or necessity of such Information or Patents to the

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success of the Development, Manufacture or Commercialization of the Licensed Product and any other factors the Parties deem relevant. If the Parties agree about whether to seek a license to any Third Party Information or Patent, then the Parties shall determine which Party shall have primary responsibility for negotiating any agreement to obtain a license to such Information or Patents. Such responsible Party shall keep the other Party reasonably informed regarding such negotiation, shall allow such other Party to review and comment on any draft received from or provided to the relevant Third Party and shall not enter into any agreement to obtain a license to such Information or Patents, except with such other Party's prior written consent, which shall not be unreasonably withheld, following which such agreement shall be a Future Third Party Agreement hereunder. In addition, the Parties shall reasonably allocate responsibility for paying upfront and maintenance fees, milestones, and other compensation owed to Third Parties pursuant to such Future Third Party Agreements (other than (A) royalties to the extent due as a result of Development, use, manufacture, importation, sale or offering for sale of the Licensed Product in the Licensed Territory by [***], and (B) royalties to the extent due as a result of Development, use, manufacture, importation, sale or offering for sale of the Licensed Product in the SGI Territory by SGI, its Affiliates or their respective (sub)licensees, [***]. Such allocation shall take into account the relative value that the intellectual property licensed under the applicable Future Third Party Agreement [***]. The Parties shall cooperate and provide such exchange of information as reasonably necessary with respect thereto. Each Future Third Party Agreement entered into by a Party shall include the obligation for the counterparty thereto to provide the other Party with written notice of any alleged breach by the contracting Party of any provisions thereunder and the right for the other Party, in such other Party's sole discretion, to cure such breach, provided that the contracting Party shall have the first opportunity to cure such breach and such other Party provides the contracting Party with [***] written notice that it intends to cure such breach, or such shorter written notice period that may be necessary under the circumstances to avoid any material loss of rights. Each Party shall use commercially reasonable efforts to maintain any Future Third Party Agreement entered into by such Party or its Affiliate in full force and effect during the Term and will not amend any such agreement in a manner that would materially adversely affect the rights and obligations of the other Party under this Agreement, except with such other Party's prior written consent.

(iv) If the Parties disagree about whether to seek a license to any Third Party Information or Patent and are unable to resolve these differences after reasonable attempts to do so, then such dispute shall be resolved in accordance with Article 14; [***].

(1) If the decision of such [***] is that such Third Party Information or Patent [***], the Parties shall be [***] and any license agreement with respect to such Third Party Information or Patent shall [***].

(2) If the decision of such [***] is that such Third Party Information or Patent [***], either Party [***] (A) [***] (B) [***] and the agreement with respect to such Third Party Information or Patent shall [***].

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(3) The Parties acknowledge and agree that such [***] may determine that such Third Party Information or Patent is [***]. As a result, the Parties agree that clauses (1) and (2) above shall be applied in an [***] consistent with such determination, including, if necessary, by applying clauses (1) and (2) to [***].

(v) Subject to the next-to-last sentence of Section 2.1(f)(iii), [***].

(g) Certain Understandings Regarding Future IP Rights. Both Parties have agreed that the licenses granted by SGI to MPI and its Affiliates under any SGI Know How, SGI Patent Rights, Joint Inventions, or Joint Patents that are developed after the Effective Date (collectively, "Future Intellectual Property") are not intended to, and shall not, create (i) future performance obligations of SGI to develop any such Future Intellectual Property or (ii) a right of MPI to cause any of the consideration otherwise paid or to be paid by MPI to SGI to be refunded or diminished if no Future Intellectual Property is so developed. Notwithstanding the preceding sentence, this Section 2.1(g) shall in no way diminish those obligations of SGI that are otherwise explicitly provided for in this Agreement, including SGI's Development obligations under the Global Product Development Plan, as provided for in Article 4, and SGI's Manufacturing obligations during the SGI Manufacturing Period, as provided for in Article 7.

2.2 Licenses to SGI.

(a) Co-Development Activities. Subject to the terms and conditions of this Agreement, MPI hereby grants SGI and its Affiliates a co-exclusive (with MPI), royalty-free, non-transferable (except in accordance with Section 15.5) license, under the MPI Collaboration Technology, to Develop, import, and use Licensed Products in the Field solely in accordance with SGI's responsibilities under the Global Product Development Plan. SGI and its Affiliates shall be permitted to sublicense the license granted under this Section 2.2(a) solely to those Third Party contractors (i) that are [***] (ii) that are approved [***].

(b) Independent Development Activities. Subject to the terms and conditions of this Agreement, MPI hereby grants SGI and its Affiliates an exclusive, royalty-free, non-transferable (except in accordance with Section 15.5) license, with the right to grant sublicenses as provided below, under the MPI Collaboration Technology, to undertake, with respect to Licensed Products in the Field, [***] in the SGI Territory and in the Licensed Territory, [***] SGI and its Affiliates shall be permitted to sublicense the license granted under this Section 2.2(b) to Third Parties, subject to Section 2.5(a).

(c) Commercialization in SGI Territory. Subject to the terms and conditions of this Agreement, MPI hereby grants SGI and its Affiliates a non-exclusive, royalty-free, non-transferable (except in accordance with Section 15.5) license, with the right to grant sublicenses as provided below, under the MPI Collaboration Technology to distribute, import, sell, offer for sale and otherwise Commercialize Licensed Products in the Field, solely in the SGI Territory. SGI and its Affiliates shall be permitted to sublicense the license granted under this Section 2.2(c) to Third Parties (including Distributors), subject to Section 2.5(a).

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(d) Manufacturing. Subject to the terms and conditions of this Agreement, MPI hereby grants SGI and its Affiliates a co-exclusive (with MPI), non-transferable (except in accordance with Section 15.5) license, with the right to grant sublicenses solely to SGI's Third Party contract manufacturers or SGI's sublicensees pursuant to Sections 2.2(b) or 2.2(c) (subject to Section 2.5(a)), under the MPI Collaboration Technology to make, have made, and otherwise Manufacture Licensed Products in the Territory solely (i) for use by SGI and its Affiliates and their respective sublicensees for Development as permitted under this Agreement or for Commercialization in the SGI Territory; or (ii) for any other obligations of SGI under Article 7.

(e) Covenant Not to Sue. MPI hereby covenants, on behalf of itself and its Affiliates, not to sue or otherwise bring a claim against SGI or its Affiliates, or the other Persons specified in the following sentence, during the Term, to the extent that their conducting of the following activities infringes any MPI Non-Collaboration Technology: (i) Development, importation, and use of Licensed Products in the Field solely in accordance with SGI's responsibilities under the Global Product Development Plan, (ii) undertaking, with respect to Licensed Products in the Field, [***] and in the [***], (iii) distribution, importation, sale, offer for sale and other Commercialization of Licensed Products in the Field, solely in the SGI Territory, (iv) making, having made, and otherwise Manufacturing Licensed Products in the Territory solely (A) for Development and Commercialization in the SGI Territory; or (B) for any other obligations of SGI under Article 7. In addition to SGI and its Affiliates, such covenant shall extend as follows: clause (i) shall extend solely to those Third Party contractors (y) [***] or (z) [***]; clause (ii) shall extend to Third Parties to whom SGI has granted sublicenses pursuant to Section 2.2(b), subject to Section 2.5(a); clause (iii) shall extend to Third Parties to whom SGI or its Affiliates has granted sublicenses pursuant to Section 2.2(c), including Distributors, in each case subject to Section 2.5(a), and to any customers who purchase or otherwise receive Licensed Product from SGI, its Affiliates, or any such Third Parties; and clause (iv) shall extend solely to SGI's Third Party contract manufacturers and SGI's sublicensees pursuant to Sections 2.2(b) or 2.2(c) (subject to Section 2.5(a)) with respect to the Licensed Product.

2.3 No Implied License; Negative Covenant. Except as expressly provided herein, no rights, express or implied, to any intellectual property of a Party are granted to the other Party. In addition, neither Party shall use or practice any of the other Party's intellectual property rights licensed to it under this Article 2 (or that are the subject of a covenant not to sue granted under this Agreement) except for the purposes expressly permitted in this Agreement.

2.4 Territorial Limitations. Each Party hereby covenants and agrees that it and its Affiliates shall not, either directly or indirectly, Commercialize Licensed Products except in accordance with this Agreement. Specifically and without limitation, MPI shall not deliver or tender (or cause to be delivered or tendered) any Licensed Product outside of the Licensed Territory or offer for sale any Licensed Product that could reasonably be expected to be reimported into the SGI Territory. SGI shall not deliver or tender (or cause to be delivered or tendered) any Licensed Product outside of the SGI Territory or offer for

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sale any Licensed Product that could reasonably be expected to be reimported into the Licensed Territory.

2.5 [***].

(a) If SGI determines to, directly or indirectly, [***] to the Licensed Product not licensed to MPI under this Agreement, including [***], to any Third Party [***], then SGI shall promptly provide MPI with written notice of such determination. Provided that MPI notifies SGI in writing, no later than [***] after receiving such notice from SGI, [***] from SGI's receipt of such notice from MPI. During such period, the Parties will [***]. If (i) MPI fails to notify SGI of its [***], or (ii) MPI notifies SGI [***], or (iii) no [***] of such rights [***] provided above, then SGI will [***] following the expiration of the above-mentioned [***] negotiation period. If SGI does not [***] period, then SGI shall be [***]. For clarity, the [***] granted to MPI under this Section 2.5(a) shall not apply to any [***].

(b) If MPI determines to, directly or indirectly, [***] the Licensed Product in a [***], to any Third Party [***] then MPI shall promptly provide SGI with written notice of such determination. Provided that SGI notifies MPI in writing, no later than [***] after receiving such notice from MPI, indicating that [***] from MPI's receipt of such notice from SGI. During such period, the Parties will [***]. If (i) SGI fails to notify MPI of [***], or (iii) [***] period following the expiration of the above-mentioned [***]. If MPI does not [***] period, then MPI shall [***]. For clarity, the granted to SGI under this Section 2.5(b) shall not apply to [***].

2.6 [***]**.**

(a) If a Party or one of its Affiliates plans to conduct, in-license or otherwise acquire rights with respect to, or license to a Third Party the right to conduct, IND-enabling research, development or commercialization of a [***] in the Field, it shall provide written notice thereof to the other Party (which notice shall include a summary [***] (as applicable to the stage of the [***]) prepared in good faith) and the Parties shall discuss the [***].

(b) Upon request of the non-proposing Party, the non-proposing Party may conduct due diligence on the applicable [***] for up to [***] after its receipt of the summary described in Section 2.6(a), and the proposing Party shall reasonably cooperate with the non-proposing Party with respect to such [***] activities. Upon further request of the non-proposing Party, the Parties shall [***] in the Field, subject to Section 2.6(c); provided, however, that such terms shall include the following:

(i) the Parties will [***] (and not pursuant to Section 2.6(d)(ii) or 2.6(d)(iii)), the non-proposing Party will [***]. For the sake of clarity, [***];

(ii) [***];

(iii) if a Licensed Product is then being Commercialized in the SGI Territory or Licensed Territory under this Agreement, [***];

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(iv) for any indications and/or territories not covered by clause (iii) above, the commercial responsibilities of the Parties will be allocated by the Parties [***];

(v) [***]; and

(vi) the Parties shall have audit rights comparable to those in this Agreement with respect to [***].

(a) If, within [***] after the non-proposing Party's receipt of the summary described in Section 2.6(a), the non-proposing Party requests in writing a negotiation of the terms under which the Parties would collaborate on the research, development, and/or commercialization of the [***] in the Field, as contemplated by Section 2.6(b), then the Parties shall negotiate a definitive written agreement on the terms set forth in Section 2.6(b)(i) through (vi) and other terms to be negotiated by the Parties in good faith. If, [***] after the non-proposing Party's receipt of the summary described in Section 2.6(a) [***], the Parties do not enter into such a [***].

(b) If, [***] after the non-proposing Party's receipt of the summary described in Section 2.6(a), the non-proposing Party fails to request in writing a negotiation of the terms under which the Parties would collaborate on the [***] in the Field, as contemplated by Section 2.6(b), then the proposing Party (the "**Developing Party**") shall be free to [***]:

(i) The other Party shall grant to the Developing Party licenses and/or covenants not to sue comparable to those set forth in Section 2.1 or 2.2, as applicable, adjusted as necessary to reflect any distinctions with respect to such [***] and the worldwide nature of such license, and, to the extent that the [***] by such other Party or its Affiliates, the other Party shall provide reasonable assistance to the Developing Party with respect to the development and manufacture of such [***], in accordance with a transition plan to be agreed upon by the Parties in good faith, with the Developing Party [***].

(ii) At the time [***] with respect to such [***], the non-Developing Party shall have the [***], subject to the terms set forth below. At the [***], the Developing Party shall provide to the other Party a summary [***], and shall reasonably answer the non-Developing Party's questions with respect thereto, including, if applicable, providing additional information if reasonably necessary for the non-Developing Party to decide whether to [***]. If, within [***], the non-Developing Party notifies the Developing Party of its decision to [***], the Developing Party shall promptly disclose to the non-Developing Party, in reasonable detail, [***]. Thereafter, the Parties [***] on the terms set forth in Section 2.6(b)(i) through (vi) and other terms to be negotiated by the Parties in good faith, [***] of the [***]. The "[***]" means, with respect to the relevant [***]. If, within [***] after the non-Developing Party's exercise of its [***], the Parties do [***] setting forth the terms under which the Parties will [***], then the terms of such definitive written agreement shall be determined by arbitration in accordance with Section 2.6(e).

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(iii) If the non-Developing Party does not exercise its [***] provided above, or if the applicable [***] was, at the time the Developing Party acquired rights to the [***], beyond the [***], then at the time of [***], the non-Developing Party shall have the right to elect to participate in the further development, manufacture and commercialization of such [***], subject to the terms set forth below. At the Second Opt-In Point, the Developing Party shall provide to the other Party a summary of all clinical data with respect to such [***], as applicable, and shall reasonably answer the non-Developing Party's questions with respect thereto, including, if applicable, providing additional information if reasonably necessary for the non-Developing Party to decide whether to exercise its [***]. If, within [***] after Completion [***], the non-Developing Party notifies the Developing Party of its decision to exercise its [***], the Developing Party shall promptly disclose to the non-Developing Party, in reasonable detail, the total amounts then-expended by the Developing Party in connection with the research and development of such [***] (for the sake of clarity, [***]. Thereafter, the Parties shall negotiate in good faith the terms of a [***] and other terms to be negotiated by the Parties in good faith, [***]. [***]. The Parties agree that the [***] include the activities covered by the [***], but the amounts included in the [***] for those activities included in the written notice provided to the non-Developing Party by the Developing Party pursuant to Section 2.6(d)(ii) shall not [***]. [***]. [***] after the non-Developing Party's exercise of its [***] do not enter into a [***].

(iv) If the non-Developing Party does not exercise its [***] within the [***] provided above, or if the applicable [***] was, at the time the Developing Party acquired rights to the [***], beyond the [***], then (provided that Developing Party has fully complied with the terms of Sections 2.6(a) and (b) (and Sections 2.6(c) and (d), if applicable)) [***].

(c) Any arbitration proceedings required by Section 2.6(c), 2.6(d)(ii), or 2.6(d)(iii) shall be conducted through [***]. Each Party would present the arbitrator with [***] (and to the extent applicable, the [***] and a written summary of its rationale for any key terms (such summary not to exceed five (5) pages), and the arbitrator shall have the [***]. The foregoing [***] shall not take longer than [***] from the date of submission of the positions to the arbitrator. Each Party shall [***].

ARTICLE 3

OVERVIEW; MANAGEMENT

3.1 Joint Steering Committee. Within [***] after the Effective Date, the Parties shall establish a Joint Steering Committee (or **"JSC"**) for the overall coordination and oversight of the Parties' activities under this Agreement. The JSC shall have an initial term of [***] and [***] unless one of the Parties provides written notice to the other Party at least [***]. The JSC shall have only the powers assigned expressly to it in this Section 3.1 and elsewhere in this Agreement, and the JSC shall not have any power to amend, modify or waive compliance with this Agreement. The JSC shall conduct its discussions in good faith with a view to operating to the mutual benefit of the Parties and in furtherance of the

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successful Development and Commercialization of Licensed Products. The role of the JSC shall be:

(a) to oversee the collaborative activities of the Parties under this Agreement;

(b) to discuss and establish, with input from the JDC, the overall strategy for the Development of Licensed Products in the Field and the content of the core global label for Licensed Products;

(c) to discuss and establish, with input from the JCC, the overall strategy for the branding and Commercialization of Licensed Products in the Field;

(d) to review and approve updates or amendments to the Initial Global Product Development Plan and any subsequent versions of the Global Product Development Plan;

(e) to review and approve updates or amendments to the Global Regulatory Plan and any subsequent versions of the Global Regulatory Plan;

(f) to review and coordinate the Parties' respective activities for the Development, Manufacture and Commercialization of Licensed Products within the Licensed Territory and the SGI Territory, including Independent Activities;

(g) to oversee, and attempt to resolve disputes arising on, the JDC, JCC, JMC or any other subcommittee;

(h) to appoint other subcommittees as the JSC deems appropriate, which subcommittees shall consist of equal numbers of appropriately qualified representatives appointed by the respective Parties, and to oversee, and attempt to resolve disputes arising on, such subcommittees; and

(i) to perform such other functions as appropriate to further the purposes of this Agreement, as mutually determined by the Parties.

3.2 Joint Steering Committee Membership. Each Party shall initially appoint [***] to the JSC, each of whom will be an officer or employee of such Party and will have sufficient seniority within the applicable Party to make decisions arising within the scope of the JSC's responsibilities and will have appropriate expertise in clinical development, regulatory, and/or commercial/business matters. The JSC may change its size from time to time by mutual consent of its members. Each Party may replace its JSC representatives at any time upon written notice to the other Party. The JSC may invite non-members (including consultants and advisors of a Party) who are under an obligation of confidentiality consistent with this Agreement to participate in the discussions and meetings of the JSC, provided that such participants shall have no voting authority at the JSC. The JSC shall have a chairperson. Each Party shall have the right, on an [***] basis, to select from among its JSC representatives [***]. Such Party shall have the right during [***]. The [***]. The

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role of the chairperson shall be to convene and preside at meetings of the JSC, to prepare agendas (with due input from the other Party's representatives), circulate agendas and to ensure the preparation of meeting minutes, but the chairperson shall have no additional powers or rights beyond those held by the other JSC representatives.

3.3 Joint Steering Committee Meetings. The JSC shall meet as frequently as required, but in no event less than [***]. The meetings of the JSC may be held in person or by audio or video conference, with in person meetings taking place at least [***] and alternating between the Parties' business locations or as otherwise decided by the JSC. Meetings of the JSC shall be effective only if at least [***] of each Party are present or participating. Each Party shall [***] of its respective members' participation in JSC meetings. The chairperson of the JSC shall be responsible for preparing and issuing minutes of each such meeting within fifteen (15) days thereafter. Such minutes shall not be finalized until each Party reviews and confirms the accuracy of such minutes in writing; provided that any minutes shall be deemed approved unless a member of the JSC objects to the accuracy of such minutes within thirty (30) days after the circulation of the minutes by the chairperson of the JSC.

3.4 Joint Steering Committee Decisions. Actions to be taken by the JSC shall be taken only following [***] vote, with each Party having [***]. If the Joint Steering Committee fails to reach [***] on a matter before it for decision for a period in excess of [***], the JSC shall submit the respective positions of the Parties with respect to such matter for discussion in good faith by the Parties' respective Executive Officers in accordance with Section 14.2. If such individuals are not able to mutually agree upon the resolution to such matter within the timeframe set forth in such Section 14.2, then instead of resolution in accordance with Section 14.3:

(a) [***] with regard to matters relating primarily to the Development, Regulatory Approval, Pricing Approval or Commercialization of Licensed Products in the Field in the [***];

(b) [***] with regard to matters relating primarily to the Development, Regulatory Approval, Pricing Approval or Commercialization of Licensed Products in the Field in the [***]; and

(c) Matters not subject to Sections 3.4(a) or 3.4(b) ([***]) shall be subject to the dispute resolution procedure set forth in Article 14, beginning with the referral of such matters to the mediation as set forth in Section 14.3.

Notwithstanding the foregoing, neither Party may exercise its final decision-making authority to unilaterally:

(i) increase the other Party's obligations or reduce the other Party's rights under this Agreement, including any obligation to devote personnel or financial resources to a specific activity or project;

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(ii) [***];

(iii) increase the Joint Development Costs for the other Party except as expressly provided herein;

(iv) determine that the events required for payments have occurred;

(v) determine that it has fulfilled any obligations under this Agreement or that the other Party has breached any obligation under this Agreement;

(vi) unilaterally make a decision that is expressly stated under this Agreement to require the mutual agreement of the Parties; or

(vii) otherwise expand such Party's rights or reduce such Party's obligations under this Agreement.

3.5 Joint Development Committee. Within [***] after the Effective Date, the Parties shall establish a Joint Development Committee (or **"JDC"**) as a subcommittee of the JSC. The JDC shall have an initial term of [***] and [***] terms unless one of the Parties provides written notice to the other Party at least [***]. The JDC shall have only the powers assigned expressly to it in this Section 3.5 and elsewhere in this Agreement, and the JDC shall not have any power to amend, modify or waive compliance with this Agreement. The JDC shall conduct its discussions in good faith with a view to operating to the mutual benefit of the Parties and in furtherance of the successful Development of Licensed Products. The role of the JDC shall be to:

(a) discuss, prepare and approve for submission to the JSC all updates or amendments to the Global Product Development Plan;

(b) oversee the conduct of the Joint Development under this Agreement;

(c) create, implement and review the overall strategy for Development and the design of all clinical trials conducted under the Global Product Development Plan;

(d) oversee the conduct of all clinical trials conducted under the Global Product Development Plan;

(e) coordinate the use of clinical trial sites by the Parties for clinical trials for Licensed Product, whether conducted under the Global Product Development Plan or as Independent Activities;

(f) facilitate the flow of information between the Parties with respect to the Development of the Licensed Product;

(g) discuss the requirements for Regulatory Approval in the Territory and review the regulatory strategy with respect to the Licensed Product;

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(h) facilitate the flow of information between the Parties with respect obtaining Regulatory Approval for the Licensed Product; and

(i) perform such other functions as appropriate to further the purposes of this Agreement, as mutually determined by the Parties.

3.6 Joint Development Committee Membership. Each Party shall initially appoint [***] representatives to the JDC, each of whom will be an officer or employee of such Party and will have sufficient seniority within the applicable Party to make decisions arising within the scope of the JDC's responsibilities and will have appropriate expertise in clinical development or regulatory matters. The JDC may change its size from [***] by [***] of its members. Each Party may replace its JDC representatives at any time upon written notice to the other Party. The JDC may invite non-members (including consultants and advisors of a Party) who are under an obligation of confidentiality consistent with this Agreement to participate in the discussions and meetings of the JDC, provided that such participants shall have no voting authority at the JDC. The JDC shall have a chairperson. Each Party shall have the right, on an [***] basis, to select from among its JDC representatives a [***]. Such Party shall have the right during such [***]. [***]. The role of the chairperson shall be to convene and preside at meetings of the JDC, to prepare agendas (with due input from the other Party's representatives), circulate agendas and to ensure the preparation of meeting minutes, but the chairperson shall have no additional powers or rights beyond those held by the other JDC representatives.

3.7 Joint Development Committee Meetings. The JDC shall meet as frequently as required, but in no event less than [***] every [***]. The meetings of the JDC may be held in person or by audio or video conference, with in person meetings taking place at least once per [***] and alternating between the Parties' business locations or as otherwise decided by the JDC. Meetings of the JDC shall be effective only if at least [***] representatives of each Party are present or participating. Each Party shall [***] of its respective members' participation in JDC meetings. The chairperson of the JDC shall be responsible for preparing and issuing minutes of each such meeting within fifteen (15) days thereafter. Such minutes shall not be finalized until each Party reviews and confirms the accuracy of such minutes in writing; provided that any minutes shall be deemed approved unless a member of the JDC objects to the accuracy of such minutes within thirty (30) days after the circulation of the minutes by the chairperson of the JDC.

3.8 Joint Development Committee Decisions. Actions to be taken by the JDC shall be taken only following [***], with each Party having [***] vote. If the JDC fails to reach [***] on a matter before it for decision for a period in excess of [***], the JDC shall submit the respective positions of the Parties with respect to such matter for resolution by the JSC.

3.9 Joint Commercialization Committee. Within [***] after the Effective Date, the Parties shall establish a Joint Commercialization Committee (or **"JCC"**) as a subcommittee of the JSC. The JCC shall have an initial term of [***] and shall [***] for successive [***]. The JCC shall have only the powers assigned expressly to it in this

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Section 3.9 and elsewhere in this Agreement, and the JCC shall not have any power to amend, modify or waive compliance with this Agreement. The JCC shall conduct its discussions in good faith with a view to operating to the mutual benefit of the Parties and in furtherance of the successful Commercialization of Licensed Products. The role of the JCC shall be to:

(a) review, discuss and coordinate the Commercialization activities of the Parties with respect to the Licensed Products in the Parties' respective territories;

(b) develop, update and annually approve a global plan for Commercializing the Licensed Product, which plan shall include the strategy for the Commercialization of the Licensed Product on a worldwide basis, certain shared global Commercialization activities (i.e., [***]), and, subject to mutual written agreement of the Parties, the appropriate allocation of responsibilities and, if applicable, [***] for such activities;

(c) oversee the implementation of the global plans for the branding and Commercialization of the Licensed Product and ensure consistency with the global plan for Commercialization of the Licensed Product;

(d) review and discuss [***] and developments with regards to the Licensed Product, as described in Section 6.5, and establish a strategy for obtaining Pricing Approvals for the Licensed Product;

(e) facilitate the sharing of information between the Parties as necessary to support the Commercialization of the Licensed Product; and

(f) perform such other functions as appropriate to further the purposes of this Agreement, as mutually determined by the Parties.

3.10 Joint Commercialization Committee Membership. Each Party shall initially appoint [***] representatives to the JCC, each of whom will be an officer or employee of such Party and will have sufficient seniority within the applicable Party to make decisions arising within the scope of the JCC's responsibilities and will have appropriate expertise in clinical development, regulatory, and/or commercial/business matters. The JCC may change its size from [***] by [***] of its members. Each Party may replace its JCC representatives at any time upon written notice to the other Party. The JCC may invite non-members (including consultants and advisors of a Party) who are under an obligation of confidentiality consistent with this Agreement to participate in the discussions and meetings of the JCC, provided that such participants shall have no voting authority at the JCC. The JCC shall have a chairperson. Each Party shall have the right, on an [***] basis, to select from among its JCC representatives [***]. Such Party shall have the right during such [***]. [***]. The role of the chairperson shall be to convene and preside at meetings of the JCC, to prepare agendas (with due input from the other Party's representatives), circulate agendas and to ensure the preparation of meeting minutes, but the chairperson shall have no additional powers or rights beyond those held by the other JCC representatives.

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3.11 Joint Commercialization Committee Meetings. The JCC shall meet as frequently as required, but in no event less than [***] meeting every [***]. The meetings of the JCC may be held in person or by audio or video conference, with in person meetings taking place at least [***] per [***] and alternating between the Parties' business locations or as otherwise decided by the JCC. Meetings of the JCC shall be effective only if at least [***] representatives of each Party are present or participating. Each Party shall [***] of its respective members' participation in JCC meetings. The chairperson of the JCC shall be responsible for preparing and issuing minutes of each such meeting within fifteen (15) days thereafter. Such minutes shall not be finalized until each Party reviews and confirms the accuracy of such minutes in writing; provided that any minutes shall be deemed approved unless a member of the JCC objects to the accuracy of such minutes within thirty (30) days after the circulation of the minutes by the chairperson of the JCC.

3.12 Joint Commercialization Committee Decisions. Actions to be taken by the JCC shall be taken only following [***], with each Party having [***] vote. If the JCC fails to reach [***] on a matter before it for decision for a period in excess of [***], the JCC shall submit the respective positions of the Parties with respect to such matter for resolution by the JSC.

3.13 Joint Manufacturing Committee. Within [***] after the Effective Date, the Parties shall establish a Joint Manufacturing Committee (or **"JMC"**) as a subcommittee of the JSC. The JMC shall have an initial term of [***] and shall [***] for successive [***]. The JMC shall have only the powers assigned expressly to it in this Section 3.13 and elsewhere in this Agreement, and the JMC shall not have any power to amend, modify or waive compliance with this Agreement. The JMC shall conduct its discussions in good faith with a view to operating to the mutual benefit of the Parties and in furtherance of the successful Manufacture, Development and Commercialization of Licensed Products. The role of the JMC shall be to:

(a) oversee the conduct of the Manufacturing of the Licensed Product by or on behalf of SGI and MPI under this Agreement, the Non-Commercial Supply Agreement and the Commercial Supply Agreement;

(b) develop, update and annually approve a global plan for Manufacturing the Licensed Product, which plan shall include the strategy for the Manufacturing of the Licensed Product on a worldwide basis, and may include certain shared global Manufacturing activities (i.e., activities that benefit the Licensed Product in both the SGI Territory and the Licensed Territory, including such activities that relate to further process development, quality control release testing and quality assurance disposition, and inventory management, and, subject to mutual written agreement of the Parties, the appropriate allocation of responsibilities and, if applicable, [***]);

(c) facilitate the sharing of information between the Parties as necessary to support the Manufacturing of the Licensed Product;

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(d) oversee the implementation of the global plans for the Manufacturing of the Licensed Product and the introduction of second sourcing and/or Manufacturing process improvements for the Licensed Product; and

(e) perform such other functions as appropriate to further the purposes of this Agreement, as mutually determined by the Parties.

3.14 Joint Manufacturing Committee Membership. Each Party shall initially appoint [***] representatives to the JMC, each of whom will be an officer or employee of such Party and will have sufficient seniority within the applicable Party to make decisions arising within the scope of the JMC's responsibilities and will have appropriate expertise in manufacturing matters. The JMC may change its size from [***] by [***] of its members. Each Party may replace its JMC representatives at any time upon written notice to the other Party. The JMC may invite non-members (including consultants and advisors of a Party) who are under an obligation of confidentiality consistent with this Agreement to participate in the discussions and meetings of the JMC, provided that such participants shall have no voting authority at the JMC. The JMC shall have a chairperson. Each Party shall have the right, on an alternating [***]. Such Party shall have the right during such [***]. [***]. The role of the chairperson shall be to convene and preside at meetings of the JMC, to prepare agendas (with due input from the other Party's representatives), circulate agendas and to ensure the preparation of meeting minutes, but the chairperson shall have no additional powers or rights beyond those held by the other JMC representatives.

3.15 Joint Manufacturing Committee Meetings. The JMC shall meet as frequently as required, but in no event less than [***] meeting every [***]. The meetings of the JMC may be held in person or by audio or video conference, with in person meetings taking place at least [***] per [***] and alternating between the Parties' business locations or as otherwise decided by the JMC. Meetings of the JMC shall be effective only if at least [***] representatives of each Party are present or participating. Each Party shall [***] of its respective members' participation in JMC meetings. The chairperson of the JMC shall be responsible for preparing and issuing minutes of each such meeting within [***] thereafter. Such minutes shall not be finalized until each Party reviews and confirms the accuracy of such minutes in writing; provided that any minutes shall be deemed approved unless a member of the JMC objects to the accuracy of such minutes within [***] after the circulation of the minutes by the chairperson of the JMC.

3.16 Joint Manufacturing Committee Decisions. Actions to be taken by the JMC shall be taken only following [***], with each Party having [***] vote. If the JMC fails to reach [***] on a matter before it for decision for a period in excess of [***], the JMC shall submit the respective positions of the Parties with respect to such matter for resolution by the JSC.

3.17 [***].

3.18 Working Groups. From time to time, the JDC, JCC and JMC may establish working groups (each, a "**Working Group**") to oversee particular projects or activities, and

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each such Working Group shall be constituted and shall operate as the JDC, JCC or JMC, respectively, determines, including with respect to the number and qualification of representatives, frequency of meetings and reporting obligations. Each Working Group shall make decisions only following [***], with each Party having [***] vote. If a Working Group fails to reach [***] on a matter before it for decision for a period in excess of [***], it shall submit the respective positions of the Parties with respect to such matter for resolution by the JDC, JCC or JMC, as applicable. The Parties anticipate that the JDC shall form a Working Group(s) to coordinate clinical and regulatory activities under this Agreement and that the JCC shall form a Working Group to coordinate global branding and commercialization activities under this Agreement

3.19 Alliance Managers. Promptly following the Effective Date, each Party shall designate an individual to facilitate communication and coordination of the Parties' activities under this Agreement relating to Licensed Products and to provide support and guidance to the JSC (each, an **"Alliance Manager"**). Each Alliance Manager may also serve as a representative of its respective Party on the JSC.

3.20 Collaboration Guidelines. Subject to the terms of this Agreement, the activities and resources of each Party shall be managed by such Party, acting independently and in its individual capacity. The relationship between SGI and MPI is that of independent contractors and neither Party shall have the power to bind or obligate the other Party in any manner, other than as may be expressly set forth in this Agreement.

ARTICLE 4

DEVELOPMENT

4.1 Overview; Objectives. The Parties desire and intend to collaborate with respect to the Development of Licensed Products for Regulatory Approval in the Territory, as and to the extent set forth in this Agreement. It is understood and acknowledged by each Party that such Party will participate in the Development of the Licensed Product as set forth in the Global Product Development Plan, and share equally (50/50) the Joint Development Costs incurred in connection therewith, as set forth in, and in accordance with, Section 8.2. The Parties agree at all times to act in good faith and in a cooperative manner to conduct Development, to share (to the extent required under this Agreement) all Information reasonably necessary to facilitate each Party's performance of its Development obligations hereunder, and to use reasonable efforts to cause its representatives on the JSC to reach consensus on decisions regarding Development. Each Party shall provide the JSC with regular reports detailing its respective Development activities under the Global Product Development Plan and the results thereof. Each Party and its Affiliates shall only conduct Development activities with respect to the Licensed Product (a) in accordance with the Global Product Development Plan or (b) as Independent Activities.

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4.2 Global Product Development Plan and Development Budget.

(a) General. The Parties shall conduct Joint Development of the Licensed Product pursuant to a comprehensive development plan (the **"Global Product Development Plan"**). Such Global Product Development Plan shall include a detailed budget for all Joint Development activities set forth in the Global Product Development Plan (the **"Development Budget"**), including the resource allocations by the Parties. The Development Budget shall include, with respect to Joint Development activities:

(i) [***];

(ii) [***]; and

(iii) [***].

(b) Allocation of Joint Development Activities between the Parties. The Global Product Development Plan shall set forth the specific Joint Development activities to be conducted by each Party and the timelines therefor. Except as otherwise agreed by the Parties, the Parties shall, in preparing the Global Product Development Plan (including any updates or amendments thereto), (i) endeavor to take advantage of the respective resources, capabilities and expertise of SGI and MPI; (ii) endeavor to (A) maintain, to the extent reasonably practical and appropriate, continuity in functions and commitments of personnel and physical resources of the Parties, (B) avoid duplication of efforts by the Parties and (C) foster efficient use by the Parties of resources and personnel, consistent with this Agreement and the Global Product Development Plan and Development Budget; and (iii) act in the best interests of the collaboration. The Global Product Development Plan shall specify, for each Development activity (including clinical studies), which Party shall have the lead responsibility for the conduct of such Development activity (such Party, the **"Lead Development Party"**), provided that [***], and [***]. For the sake of clarity, MPI shall be responsible for the conduct and costs of all Japan Development Activities. The Parties will discuss global Phase 3 Clinical Trials of the Licensed Product in good faith and consider [***] into such clinical trials, and, if they mutually agree to do so, MPI shall be responsible for operational control of such [***] and shall [***] exclusively attributable to the conduct of such [***].

(c) Initial Global Product Development Plan and Development Budget. The Parties have agreed upon an initial Global Product Development Plan covering the initial Development activities under this Agreement (the **"Initial Global Product Development Plan"**), including an associated Development Budget, which, along with the MPI Independent Activities mutually agreed upon as of the Effective Date, sets forth (i) those non-clinical, clinical, manufacturing and other Developmental activities that the Parties believe, as of the Effective Date, to be necessary for submission and obtaining approval of an NDA for the Licensed Product in the U.S. and an MAA for the Licensed Product in the EU and the Key Countries (other than Japan, except as provided in Section 4.2(b)). The Parties agree that, with respect to those [***] mutually agreed upon as of the Effective Date, and any other [***] for which the Parties mutually agree that [***] shall

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provide services to [***], [***] shall, at [***] reasonable request, assist [***] performance of those [***], for which [***]. Within a reasonable period of time following the end of each [***] during which [***] has provided such assistance, [***] will prepare and deliver to [***] a [***], in a mutually agreed upon format, [***]. [***] shall have [***] after its receipt of [***] report to request additional information related to the [***]. [***] shall make such payment in Dollars to [***] within [***] after its receipt of such report. [***] shall have the right to audit the records of [***] with respect to any such costs in accordance with Section 8.11 of this Agreement.

(d) Updates. On a [***] basis (no later than [***] and [***] of each [***], commencing in [***]), or more often as the Parties deem appropriate, the JSC shall update and amend, as appropriate, the then-current Global Product Development Plan and Development Budget. Such updates and amendments shall reflect any agreed changes, re-prioritization of, or additions to the agreed upon Development activities. Once approved by the JSC, each updated or amended Global Product Development Plan and Development Budget shall become effective and supersede the previous Global Product Development Plan and Development Budget as of the date of such approval or at such other time as decided by the JSC.

4.3 Development Decision-Making. All matters regarding the Joint Development of the Licensed Product under the Global Product Development Plan shall be decided [***] by the JSC, subject to the provisions of Section 3.4.

4.4 Standards of Performance. Each Party shall use Commercially Reasonable Efforts to carry out the tasks assigned to it under the Global Product Development Plan. Should either Party not timely perform activities it is responsible for pursuant to the Global Product Development Plan, the other Party would have the right, if the responsible Party has not begun, or presented to the other Party a reasonable plan to conduct, such activity within [***] after written notice from such other Party, to perform such activities, with the [***] as [***]. Each Party shall provide financial and other support for the Development of the Licensed Product as necessary to achieve the objectives of this Agreement in accordance with the Global Product Development Plan and the Development Budget. Each Party shall conduct its activities and perform all its obligations under this Agreement and under the Global Product Development Plan in good scientific manner and in compliance in all material respects with all applicable Laws.

4.5 Development Costs. Subject to Section 5.2, the Parties will share Joint Development Costs equally in accordance with the reimbursement procedures set forth in Section 8.2. Except as set forth in Section 8.2, each Party shall be responsible for all costs and expenses (internal and external) incurred by it or its Affiliates in the course of performing Development activities with respect to Licensed Product under this Agreement. For the avoidance of doubt, any costs or expenses exclusively attributable to the performance of Japan Development Activities shall be borne solely by MPI, except to the extent expressly agreed by the Parties.

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4.6 Joint Results. All data and results (the "**Joint Results**") generated by or resulting from the Global Product Development Plan, whether generated by one or both Parties, shall be owned jointly by the Parties and deemed the Confidential Information of both Parties, and subject to the restrictions on use and disclosure set forth in Article 12, with each Party deemed to be the receiving Party of such Confidential Information for purposes of Article 12.

4.7 Incremental Activities; Independent Activities.

(a) In the event that either MPI or SGI wishes to conduct any [***], in each case with respect to the Licensed Product, that are not included in the then-current Global Product Development Plan [***] (each, an "**Incremental Activity**"), the proposing Party shall present the proposed design and associated costs of such Incremental Activity to the JSC. If the JSC agrees (including the actual consent of the non-proposing Party) within [***] after the submission of such proposal, the Parties shall amend the Global Product Development Plan to include such Incremental Activity as a [***] activity under the Global Product Development Plan, such Incremental Activity shall be considered Joint Development and the [***].

(b) If the non-proposing Party, through the JSC, [***] as part of the Global Product Development Plan, then the proposing Party shall be [***], subject to Section 4.7(c). The proposing Party shall be [***] responsible for the [***] and the non-proposing Party shall have [***]. Notwithstanding the foregoing, the non-proposing Party will [***]. [***]. The proposing Party shall promptly disclose to the non-proposing Party a summary of such data and a description, in reasonable detail, of the total amounts then-expended by the proposing Party in connection with such Independent Activity, and shall reasonably answer the non-proposing Party's questions with respect thereto, including, if applicable, providing additional information if reasonably necessary for the non-proposing Party to decide whether to [***].

(c) If the non-proposing Party reasonably and in good faith objects to the conduct of a proposed Incremental Activity on the grounds that (i) [***] or (ii) [***], then the JSC shall discuss the non-proposing Party's concerns in good faith, and for so long as the non-proposing Party continues to object in good faith on such grounds, the proposing Party shall [***].

4.8 Records, Reports and Information. Each Party shall maintain complete, current and accurate records of all work conducted by it under the Global Product Development Plan, and all data and other Information resulting from such work. Such records shall fully and properly reflect all work done and results achieved in the performance of the Development activities in good scientific manner appropriate for regulatory and patent purposes. Each Party shall document all preclinical studies and clinical trials in formal written study reports according to applicable national and international (*e.g.,* ICH, GCP, GLP, and GMP) guidelines. Each Party shall have the right to review such records maintained by the other Party at reasonable times, upon written request, which shall not exceed [***]. During the Term, on a regular basis, each Party shall present reports at JSC

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meetings on its Joint Development activities, including without limitation any significant formal or informal meetings between such Party and the applicable Regulatory Authorities, at a level of detail to be agreed upon by the JSC; provided, however, that any such presentation shall include at least a summary of the resulting data for all studies conducted by a Party with the Licensed Product under the Global Product Development Plan, and provided further, upon request from the other Party, such Party conducting the studies shall provide the other Party with a copy of written study reports and access to data underlying any such study report, for use consistent with Articles 4 and 5.

4.9 Exchange of Information. Within [***] after the Effective Date, the Parties shall agree upon a written plan for SGI to provide MPI with all SGI Know How necessary or useful for MPI to undertake its activities under the Global Product Development Plan or Develop, Manufacture or Commercialize the Licensed Product for the Licensed Territory, including any final data and study reports and all raw data. Such plan shall thereafter be approved by the JDC. The Parties shall then implement such plan. In addition, SGI shall promptly provide MPI with a hard-copy of or electronic access to all such SGI Know How reasonably requested by MPI at any time after the Effective Date. From time to time throughout the Term, each Party shall provide to the other Party a hard-copy of or electronic access to all Joint Results, including any final data and study reports and all raw data.

ARTICLE 5

REGULATORY MATTERS

5.1 Regulatory Submissions and Regulatory Approvals.

(a) Global Regulatory Plan. The JDC shall develop a global regulatory plan for the Licensed Product that describes the regulatory actions to be taken by each Party under the Global Product Development Plan and how such activities shall be coordinated if necessary (the "**Global Regulatory Plan**"). On an approximately [***] basis, or more often as the Parties deem appropriate, the JDC shall update and amend, as appropriate, the then-current Global Regulatory Plan. Such updates and amendments shall reflect any agreed changes, re-prioritization of, or additions to the agreed upon regulatory activities for the Licensed Product. The initial and any updated or amended Global Regulatory Plan shall be subject to approval by the JSC. Once approved by the JSC, each updated or amended Global Regulatory Plan shall become effective and supersede the previous Global Regulatory Plan as of the date of such approval or at such other time as decided by the JSC.

(b) Responsibilities.

(i) Except as otherwise expressly provided in the Global Product Development Plan, the Lead Development Party for a particular clinical trial under the Global Product Development Plan shall (A) be responsible for preparing and submitting all Regulatory Materials with respect to such clinical trial and interactions with the relevant Regulatory Authorities and institutional review boards with respect thereto, (B) be

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responsible for the preparation of the final reports of such clinical trial, and (C) provide to the other Party copies of such reports in a format reasonably acceptable to the other Party, and other information relating to such clinical trial reasonably necessary for such other Party to seek Regulatory Approval or Pricing Approval for the Licensed Product in such other Party's territory.

(ii) The Party conducting an Independent Activity shall be responsible for preparing and submitting all Regulatory Materials with respect to such activities and interactions with the relevant Regulatory Authorities and institutional review boards with respect thereto.

(iii) In addition, each Party shall assist the other Party in preparing Regulatory Materials for such other Party's territory (to the extent based on such Party's Regulatory Materials, such Party's or its contractors' activities with respect to the Licensed Product, or Joint Results, to the extent the relevant information is in such Party's possession). [***]. To the extent that the Regulatory Materials being prepared by a Party will form the basis for the Regulatory Materials to be submitted by the other Party to Regulatory Authorities in such other Party's territory (which may include non-clinical information and CMC information), the Party preparing such Regulatory Materials shall permit the other Party the right to review and comment, in a timely manner, on such Regulatory Materials and the Parties shall use reasonable efforts to ensure that such Regulatory Materials are sufficient for submission in each Party's territory.

(iv) Except as provided in Sections 5.1(b)(i), (ii) or (iii) or Section 5.6(c) or as otherwise agreed by the Parties:

(1) MPI shall be solely responsible for preparing any and all Regulatory Materials to seek Regulatory Approval or Pricing Approval for the Licensed Product in the Licensed Territory and for submitting, and shall own, such Regulatory Materials in the Licensed Territory, consistent with the Global Regulatory Plan or pursuant to the MPI Independent Activities, and shall be solely responsible for interactions with the relevant Regulatory Authorities with respect thereto. SGI shall not submit any Regulatory Materials or seek Regulatory Approvals or Pricing Approvals for the Licensed Product in the Field in the Licensed Territory without the prior written consent of MPI.

(2) SGI shall be solely responsible for preparing any and all Regulatory Materials to seek Regulatory Approval or Pricing Approval for the Licensed Product in the SGI Territory and for submitting, and shall own, such Regulatory Materials in the SGI Territory, consistent with the Global Regulatory Plan or pursuant to the SGI Independent Activities, and shall be solely responsible for interactions with the relevant Regulatory Authorities with respect thereto. MPI shall not submit any Regulatory Materials or seek Regulatory Approvals or Pricing Approvals for the Licensed Product in the Field in the SGI Territory without the prior written consent of SGI.

(c) Rights of Reference. Each Party hereby grants to the other Party a right of reference to all Regulatory Materials submitted by such Party in its respective territory

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for the Licensed Product, subject to the following limitations. The right of reference granted to SGI herein shall be solely for the purpose of SGI, its Affiliates or any Third Party sublicensees of SGI (i) obtaining Regulatory Approvals or Pricing Approvals in the SGI Territory for the Licensed Product, (ii) conducting activities (including conducting clinical trials) assigned to SGI under the Global Product Development Plan or (iii) conducting SGI Independent Activity. The right of reference granted to MPI herein shall be solely for the purpose of MPI, its Affiliates or any Third Party sublicensees of MPI (A) obtaining Regulatory Approvals or Pricing Approvals in the Licensed Territory for the Licensed Product, (B) conducting activities (including conducting clinical trials) assigned to MPI under the Global Product Development Plan or (C) conducting MPI Independent Activity. The rights of reference granted to a Party hereunder shall not include any portion of the other Party's Regulatory Materials that is supported by Independent Activities that [***]. Upon request, each Party will furnish the other with an electronic copy or electronic access to and a hard copy of its Regulatory Materials for such purposes.

(d) Reporting and Review. Each Party shall keep the other Party reasonably and regularly informed of the preparation of all Regulatory Materials, Regulatory Authority review of Regulatory Materials, meetings with Regulatory Authorities, and Regulatory Approvals and Pricing Approvals for the Licensed Products, in each case in such Party's territory, pursuant to procedures to be developed by the JSC.

5.2 Regulatory Costs. Each Party shall be responsible for all costs and expenses of preparing, maintaining, formatting, and submitting Regulatory Materials for Licensed Products in its respective territory and for all other costs and expenses in connection with seeking and maintaining Regulatory Approval and Pricing Approval for Licensed Products in its respective territory, except for those regulatory items (A) specifically set forth in the Global Product Development Plan and included in the Development Budget as to which the other Party explicitly agrees to share the costs or (B) conducted by the other Party through its Independent Activities.

5.3 MPI's Performance. MPI shall use Commercially Reasonable Efforts to prepare and submit the appropriate Regulatory Materials for Licensed Products in the Licensed Territory, as determined on a country-by-country basis, and to seek to obtain Regulatory Approvals (and, if applicable, Pricing Approvals) for Licensed Products in the Licensed Territory, as determined on a country-by-country basis. [***]:

(a) [***], and thereafter use Commercially Reasonable Efforts to [***] unless (i) [***] or (ii) [***] (a)**,**[***]**;**

(b) [***];

(a) [***] and [***]; and

(b) [***].

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5.4 Communications. Except as may be required by applicable Laws, SGI shall not communicate regarding any Licensed Product with any Regulatory Authority having jurisdiction in the Licensed Territory unless necessary to fulfill its obligations pursuant to the Global Product Development Plan as set forth in Section 5.1(b) above or explicitly requested or permitted in writing to do so by MPI or as necessary to perform SGI Independent Activities, or unless so ordered by such Regulatory Authority in the Licensed Territory, in which case SGI shall provide promptly to MPI notice of such order. Except as may be required by applicable Laws, MPI shall not communicate regarding any Licensed Product with any Regulatory Authority having jurisdiction in the SGI Territory unless necessary to fulfill its obligations pursuant to the Global Product Development Plan as set forth in Section 5.1(b) above or explicitly requested or permitted in writing to do so by SGI or as necessary to perform MPI Independent Activities, or unless so ordered by such Regulatory Authority, in which case MPI shall provide promptly to SGI notice of such order.

5.5 Pharmacovigilance Agreement. Details regarding the management of information of adverse events related to the clinical development and the use of the Licensed Product in the Licensed Territory and the SGI Territory will be delineated in a separate pharmacovigilance agreement that shall be agreed to by the Parties prior to the earlier of (a) Commercialization of the Licensed Product in any country in the Territory or (b) the preparation of any Regulatory Materials by MPI (the "**Pharmacovigilance Agreement**"). Each Party will be primarily responsible for submission of all required reports with respect to adverse events where such Party is obligated to do so under applicable Law. As of the Effective Date, the Parties acknowledge SGI maintains the global safety database for the Licensed Product. The Parties shall discuss which Party should maintains the database and, if the Parties mutually agree that such database shall be maintained by MPI, the Parties shall cooperate to transition such database to MPI. The maintaining [***] included in such database.

5.6 Regulatory Authority Communications Received by a Party.

(a) General. Each Party shall keep the other Party informed, in a timely manner of notification, of any action by, or notification or other information which it receives (directly or indirectly) from, any Regulatory Authority in such Party's territory (whether before or after receipt of MAA or NDA approval) which: (i) raises any material concerns regarding the safety or efficacy of the Licensed Product; (ii) indicates or suggests a potential material liability of either Party to Third Parties in connection with the Licensed Product; (iii) is reasonably likely to lead to (A) a delay of planned MAA or NDA approval, (B) the imposition of Regulatory Approval requirements beyond those planned, or (C) recall or market withdrawal of the Licensed Product; or (iv) relates to expedited and periodic reports of adverse events with respect to the Licensed Product, or Product Complaints, and which may have a material impact on Regulatory Approval or the Commercialization of the Licensed Product. The other Party will fully cooperate with and assist such Party in complying with regulatory obligations and communications, including by providing to such Party, within [***] after a request (unless sooner required by the relevant Regulatory Authority), such information and documentation in the other Party's possession as may

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be necessary or helpful for the Party to prepare a response to an inquiry from a Regulatory Authority. If a Party is required to respond to any Regulatory Authority in the other Party's territory, such Party shall use Commercially Reasonable Efforts to seek the input and approval of the other Party before responding. Each Party shall also provide the other Party in a timely manner with a copy of all correspondence received from a Regulatory Authority specifically regarding the matters referred to above.

(b) Prior Review. Each Party shall provide to the other, a reasonable time prior to submission or promptly after receipt, any material Regulatory Materials. The Party submitting any such material Regulatory Materials shall consider in good faith any timely comments provided by such other party. The JDC or one of its working groups shall determine appropriate timeframes and mechanisms for such coordination and review.

(c) Interaction with Regulatory Authorities. Each Party shall be responsible for the scheduling, conduct and preparation of materials for meetings, interactions or communications with Regulatory Authorities in its territory, subject to Section 5.1(b)(i). Each Party shall [***] notify the other Party of any meeting (whether in person or by conference call) requested or scheduled with, and shall promptly provide to the other any communications sent to or from, the FDA, EMEA, Health Canada or such other Regulatory Authorities reasonably requested by a Party. The other Party may, on reasonable prior notice to the first Party, have no more than [***] representatives participate in any such meeting. In addition, the other Party shall send relevant subject matter experts to any such meeting if requested by the first Party. In addition, each Party shall assist such other Party in answering any questions or issues from, and shall provide any data requested by or required for Regulatory Materials to be prepared and submitted by such other Party with Regulatory Authorities or other Governmental Authorities in such other Party's territory, including, as applicable, such questions or issues regarding Manufacturing.

(d) Regulatory Non-Compliance. In addition to its obligations under Section 5.5 and 5.6(a), each Party shall disclose to the other Party any information pertaining to notices from Regulatory Authorities in the Territory of non-compliance with applicable Laws in connection with the Licensed Product including, without limitation, receipt of a warning letter or other notice of alleged non-compliance from any Regulatory Authority relating to the Licensed Product.

5.7 Regulatory Actions.

(a) Audit. If a Regulatory Authority desires to conduct an inspection or audit of a Party's facility or a facility under contract with such Party with regard to the Licensed Product or any data relating to the Licensed Product obtained by or on behalf of a Party, such Party (i) shall promptly notify the other Party of such inspection or audit, (ii) shall cooperate and cause the contract facility to cooperate with such Regulatory Authority during such inspection or audit, (iii) shall immediately update the other Party during (in the case of multi-day inspections or audits) and following such inspection or audit of any information relevant to the Licensed Product, (iv) shall immediately provide to the other Party the inspection or audit observations of such Regulatory Authority relevant to the

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Licensed Product, (v) shall prepare the response to any such observations, (vi) shall provide a copy of such planned response to the other Party, and (vii) shall conform its activities under this Agreement to any commitments made in such a response, except to the extent it believes in good faith that such commitments violate applicable Laws. Both Parties agree to use Commercially Reasonable Efforts to cause their Third Party sublicensees to accept an audit mechanism substantially similar to the mechanism described above in this Section 5.7(a).

(b) Recalls and Voluntary Withdrawals. The Parties shall exchange their internal standard operating procedures (**"SOPs"**) for conducting product recalls reasonably in advance of the First Commercial Sale of any Licensed Product in the Territory, and shall discuss and resolve in writing any conflicts between such SOPs and issues relating thereto promptly after such exchange. If either Party becomes aware of information relating to any Licensed Product that indicates that a unit or batch of such Licensed Product may not conform to the specifications therefor, or that potential adulteration, misbranding, and/or other issues have arisen that relate to the safety or efficacy of Licensed Products, it shall promptly so notify the other Party. The Party having the right to control such recall pursuant to this Section 5.7(b) may, at its sole discretion, take appropriate courses of action, which shall be consistent with the internal SOP of such Party; *provided however* that such controlling Party shall promptly notify the other Party of any recall action being considered, and where practicable, consider the views of the non-controlling Party prior to taking any recall action. MPI shall have the right, [***] to control any recalls, field corrections, field alerts or withdrawals of any Licensed Product in the Licensed Territory. SGI shall have the right, [***], to control all recalls, field corrections, field alerts and withdrawals of any Licensed Product in the SGI Territory. MPI and SGI shall maintain complete and accurate records of any recall of Licensed Product according to its then current SOPs for such periods as may be required by applicable Laws, but in no event for less than [***].

ARTICLE 6

COMMERCIALIZATION

6.1 Commercialization in the Licensed Territory. As between the Parties, MPI shall have sole responsibility for Commercializing all Licensed Products in the Licensed Territory, as provided in this Article 6, and MPI shall bear all of the costs and expenses incurred in connection with all such Commercialization activities, unless otherwise expressly agreed by the Parties.

6.2 Commercialization in the SGI Territory. As between the Parties, SGI shall have sole responsibility for Commercializing all Licensed Products in the SGI Territory, as provided in this Article 6, and SGI shall bear all of the costs and expenses incurred in connection with all such Commercialization activities, unless otherwise expressly agreed by the Parties.

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6.3 MPI's Performance.

(a) MPI shall use Commercially Reasonable Efforts to Commercialize the Licensed Product in the Licensed Territory, as determined on a country-by-country basis, for each indication for which it receives Regulatory Approval of an MAA and, if Commercialization of Licensed Product is not reasonably practicable prior to receipt of Pricing Approval, Pricing Approval. Without limiting the generality of the foregoing but subject to Section 6.3(b), during each of the [***], MPI, itself or through its Affiliates, sublicensees and Distributors, [***]:

(i) [***];

(ii) [***]; and

(iii) [***].

As used herein, "[***] of (i) [***], or (ii) [***]. As used herein, "[***].

(b) The Parties will enter into good faith negotiations to [***]. [***].

(c) At least once per [***], in addition to MPI's obligations under Section 6.4 and the [***] JCC meetings arranged between the Parties, MPI will reasonably inform the JSC or the JCC regarding the Commercialization of the Licensed Product throughout the Licensed Territory by MPI, its Affiliates and sublicensees. Such reports submitted by MPI to the JSC or JCC shall cover subject matter at a level of detail reasonably sufficient to enable SGI to determine MPI's compliance with its diligence obligations pursuant to this Section 6.3.

6.4 Reports. Each Party shall provide to the JCC quarterly sales reports, including, without limitation, specific marketing efforts and planning and sales execution. The JCC shall update the JSC at each meeting regarding significant Commercialization activities for Licensed Products in the Territory, including a [***] for the following [***] sales of such Licensed Products.

6.5 Coordination of Marketing Activities. The JCC and/or the JSC, as appropriate, shall be responsible for coordinating the Commercialization of Licensed Product throughout the Territory (i.e., by MPI for the Licensed Territory and by SGI for the SGI Territory) and for approving any Commercialization activities that relate to, or require activities in, or would reasonably be expected to materially impact, the other Party's territory. Unless prohibited by Law, the Parties agree to [***]. Notwithstanding the agreement to [***].

6.6 Compliance. Each Party shall comply in all material respects with all applicable Laws in Commercializing Licensed Products in the Territory under this Agreement.

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6.7 Use of Distributors. Subject to Section 2.5(a), each Party shall have the right to engage Distributors to distribute Licensed Products in particular countries within its territory in accordance, on a country-by-country basis, with such Party's standard practices for selecting Distributors for its other products having market potential comparable to that of Licensed Products in such country.

ARTICLE 7

MANUFACTURE AND SUPPLY

7.1 Coordination. The provisions of this Article 7 shall apply unless otherwise mutually agreed by the Parties.

7.2 Non-Commercial Supply of Licensed Product.

(a) For Joint Development. From the Effective Date and continuing until at least [***] following [***] in a first country in the Licensed Territory (the "**SGI Manufacturing Period"** and, the [***] of such First Commercial Sale, the ("[***]"), SGI shall, itself or through one or more Third Party contract manufacturers, supply in a timely fashion all quantities of the Licensed Product as required by the Parties to carry out all Development activities (including pre-clinical and clinical) for the Licensed Product pursuant to the Global Product Development Plan, on the terms set forth in the Non-Commercial Supply Agreement. Such quantities of the Licensed Product and the schedule of such supply shall be confirmed by the JSC and consistent with the Initial Global Product Development Plan and subsequent Global Product Development Plans. The Cost of Goods Sold of such Licensed Product shall be shared by the Parties as a Joint Development Cost; *provided, however,* that MPI shall pay for any such preclinical or clinical supply of Licensed Product it uses for Japan Development Activities [***]. [***] prior written notice to MPI, provided that [***].

(b) For Independent Development. During the SGI Manufacturing Period, SGI shall, itself or through one or more Third Party contract manufacturers, supply to MPI quantities of the Licensed Product reasonably required by MPI to carry out MPI Independent Activities, on the terms set forth in the Non-Commercial Supply Agreement. [***].

7.3 Non-Commercial Supply Agreement. Forecasting and ordering procedures, Licensed Product specifications, and other operational matters relating to the supply of Licensed Product under Sections 7.2(a) and 7.2(b) shall be set forth in a manufacturing and supply agreement mutually agreed upon by the Parties not later than ninety (90) days after the Effective Date (the "**Non-Commercial Supply Agreement**") and shall include the provisions set forth in **Exhibit C** and such other customary terms, including lead times, delivery, rolling forecasts and purchase orders. In connection with such Non-Commercial Supply Agreement, the Parties shall enter into a quality agreement governing the agreed upon specifications and other technical aspects of supply of the Licensed Product for non-Commercial activities by the Parties (the "**Non-Commercial Quality Agreement**").

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7.4 Commercial Supply of Licensed Product. [***], the Parties shall negotiate in good faith and enter into a manufacturing and supply agreement (the "**Commercial Supply Agreement**") under which SGI will agree to supply during the SGI Manufacturing Period, itself or through one or more Third Party contract manufacturers, Licensed Product to MPI for Commercialization in the Licensed Territory. Such Commercial Supply Agreement shall contain the provisions set forth in **Exhibit C** and such other customary terms governing such manufacturing and supply relationships, and shall provide that such Licensed Product [***]. Included as part of such Commercial Supply Agreement, the Parties shall enter into a quality agreement governing the agreed upon specifications and other technical aspects of supply of the Licensed Product for Commercialization by the Parties (the "**Commercial Quality Agreement**"). For the sake of clarity, [***].

7.5 SGI Supply Agreements. As of the Effective Date, SGI has made arrangements for the Manufacture of the Licensed Product for the Licensed Territory through Third Party contract manufacturer(s) and/or SGI's Affiliates. Within a reasonable period of time prior to entering into any material future supply agreement during the SGI Manufacturing Period with a Third Party contract manufacturer relating to the Licensed Product, [***]. In addition, during the [***], it being understood that SGI shall be the [***]. During the SGI Manufacturing Period, [***].

7.6 Manufacture of Licensed Products by MPI.

(a) Following the end of the SGI Manufacturing Period, [***] (i) for use by the MPI for its Joint Development activities and (ii) for use by MPI and its Affiliates, and their respective sublicensees, for MPI Independent Activities and for Commercialization in the Licensed Territory; *provided* that SGI [***]. Subject to any limitations set forth in the Commercial Supply Agreement or any existing supply agreements between SGI and Third Parties for the supply of Licensed Product for Commercial purposes under Section 7.4 above, MPI may, upon not less than [***] prior written notice to SGI during the SGI Manufacturing Period, manufacture Licensed Product (or certain portions thereof) for Commercialization in the Licensed Territory or for MPI Independent Activities or for MPI's Joint Development activities (or have such Licensed Product manufactured for such purpose by a Third Party manufacturer(s) identified by MPI) at the end of such notice period. Commencing on the earliest of (i) [***], (ii) [***] or (iii) [***]**.** [***]. [***].

(b) Upon request by MPI, SGI shall transfer, or use commercially reasonable efforts to cause its Third Party manufacturer(s) to transfer, to MPI (or MPI Affiliate(s) or Third Party manufacturer(s) identified by MPI) the technology and other information in SGI's possession or control reasonably necessary to Manufacture Licensed Product, subject to reimbursement of SGI's and/or its Third Party manufacturers' reasonable costs therefor.

(c) Following any transfer of Manufacturing rights and responsibilities to MPI hereunder, MPI shall consider in good faith any request by SGI to provide SGI with a back-up supply of Licensed Product for the SGI Territory if requested by SGI. All supplies of

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Licensed Product by MPI shall be sold to SGI at [***], but SGI shall [***] of any changes to the specifications for the SGI Territory.

(d) Following any transfer of Manufacturing rights and responsibilities to MPI hereunder, SGI shall consider in good faith any request by MPI to provide MPI with a back-up supply of Licensed Product for the Licensed Territory if requested by MPI. All such supplies of Licensed Product by SGI shall be sold to MPI at [***], but MPI shall [***] of any changes to the specifications for the Licensed Territory.

7.7 Second or Additional Source. Each Party has the right at any time (notwithstanding any implications to the contrary hereunder) to establish a second or additional source (i.e., in addition to SGI's Third Party manufacturers existing as of the Effective Date) for the supply of Licensed Product or any component thereof at such Party's expense. To the extent that the Parties agree to jointly establish a second or additional source to one or more of SGI's Third Party manufacturers existing as of the Effective Date, the relevant activities with respect to establishing such second or additional source shall be included in the Global Product Development Plan and [***].

7.8 Records; Audit Rights. Each Party will maintain complete and accurate records in sufficient detail to permit the other Party to confirm the accuracy of the calculation of Cost of Goods Sold or Supply Price under this Agreement. Upon reasonable prior notice, such records shall be available during regular business hours for a period of [***] from the creation of individual records for examination at the [***], and not more often than once each [***], by an independent certified public accountant selected by the auditing Party and reasonably acceptable to the other Party subject to the inspection, for the sole purpose of verifying the accuracy of the Cost of Goods Sold or Supply Price for any Licensed Product supplied pursuant to this Agreement. Any such auditor shall not disclose the audited Party's Confidential Information, except to the extent such disclosure is necessary to verify the accuracy of the calculation of Cost of Goods Sold or Supply Price. Any amounts shown to have been overpaid by a Party shall be [***] within [***] from the accountant's report, or shall be [***] to such Party for Licensed Product. The auditing Party shall [***] of such audit unless such audit [***] of more than [***], in which case the audited Party [***].

ARTICLE 8

COMPENSATION

8.1 Upfront Payment. [***], MPI shall pay to SGI a non-refundable, non-creditable upfront payment of $60 million by wire transfer of immediately available funds into an account designated by SGI.

8.2 Reimbursement of Shared Joint Development Costs.

(a) Within [***] following the end of each [***] beginning from the Effective Date, each Party will prepare and deliver to the other Party a [***] report**,** in a mutually agreed upon format, detailing its Joint Development Costs incurred during such period (or

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estimates thereof, to the extent necessary). Each Party shall have [***] after its receipt of the other Party's quarterly report to request additional information related to the Joint Development Costs included in such quarterly report.

(b) Within [***] after the end of the applicable [***], SGI will prepare a composite report that: (i) summarizes the Joint Development Costs incurred by each Party for such Calendar Quarter, (ii) calculates the costs for which each Party is responsible (the "**Cost Allocation**"), which shall amount to fifty percent (50%) of the total Joint Development Costs incurred by the Parties for such [***], subject to Section 8.2(d); and (iii) computes the amount in Dollars due to MPI or SGI, as the case may be, for such [***] based upon the Parties' respective Cost Allocations. If a Party owes any amount to the other Party for a particular [***], then such Party shall make such payment in Dollars to the other Party within [***] after its receipt or provision of the applicable composite report, as the case may be. Each Party shall have the right to audit the records of the other Party with respect to any purported Joint Development Costs included in such reports, in accordance with Section 8.11 of this Agreement.

(c) To the extent that any such Joint Development Costs reported pursuant to Section 8.2(a) were estimated, the relevant Party shall provide actual cost information with the next [***] report, and the provisions of Section 8.2(b) shall apply to properly allocate between the Parties any amount by which such actual costs exceeded or were less than the estimated costs.

(d) For any [***] period described in Section 4.2(d), SGI and MPI shall each be permitted to recover Joint Development Costs with respect to such Party's Development activities for such [***] period up to a maximum of [***] of the amounts allocated to such Development activities in the Development Budget. Notwithstanding the foregoing, either Party shall be entitled to recover any [***], which approval may be granted either in advance of such costs being incurred or retroactively.

8.3 Development Milestone Payments. MPI shall make the following milestone payments to SGI within [***] after the achievement of each of the following milestone events by MPI or, with respect to the [***], SGI, or, as applicable, their respective Affiliates or sublicensees. Each such milestone payment shall be made by wire transfer of immediately available funds into an account designated by SGI. Each such milestone payment shall be [***].

(a) [***]. The milestone payments listed in the table below shall be payable to SGI for the [***] to achieve the designated milestone event with respect to relapsed/refractory Hodgkin lymphoma.

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Milestone Event	Milestone Payment
Receipt of notice of acceptance of submission of first MAA with EMEA	$5 million
Approval for marketing in the third (3rd) Key Country in the Licensed Territory	[***]
Approval of MAA by EMEA	[***]
Approval of MAA by and receipt of Pricing Approval from MHLW	[***]

(b) [***]. The milestone payments listed in the table below shall be payable to SGI for the [***] to achieve the designated milestone event with respect to [***], including anaplastic large cell lymphoma.

Milestone Event	Milestone Payment
Approval for marketing in the third (3rd) Key Country in the Licensed Territory	$1 million
Approval of MAA by EMEA	[***]
Approval of MAA by and receipt of Pricing Approval from MHLW	[***]

(c) [***]. The milestone payments listed in the table below shall be payable to SGI for the first Licensed Product to achieve the designated milestone event with respect to frontline Hodgkin lymphoma**.**

Milestone Event	Milestone Payment
[***]	[***]
Approval of MAA by EMEA	$30 million
Approval of MAA by and receipt of Pricing Approval from MHLW	$10 million

(d) [***]. The milestone payments listed in the table below shall be payable to SGI for the [***] to achieve the designated milestone event with respect to [***]. Notwithstanding the foregoing, with respect to each such milestone payment, in the event that MPI reasonably determines in good faith, and shares its determination with SGI at least [***] before the reasonably anticipated achievement of the relevant milestone event, [***]. If SGI disputes such [***]. If SGI does not provide such notice and [***].

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Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(e) [***]. The milestone payments listed in the table below shall be payable to SGI for the [***] to achieve the designated milestone event with respect to the [***]. Notwithstanding the foregoing, with respect to each such milestone payment, in the event that [***]. If SGI disputes such [***]. If SGI does not provide such notice and [***].

Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(f) Clarifications. For clarity, in the event that MPI, or its Affiliates or sublicensees submits an MAA for a Licensed Product with EMEA for a [***] or a [***], and at such time, [***]. [***]. For further clarity, for purpose of this Section 8.3, [***] of (i) [***] and (ii) [***]. For further clarity, each milestone payment specified in Sections 8.3(a) through (e) shall be [***].

8.4 Sales Milestone Payments. MPI shall make the following [***], [***] sales milestone payments to SGI within [***] after the end of the Calendar Year in which aggregated annual Net Sales of the Licensed Product in such Calendar Year in all countries in the Licensed Territory reach the following thresholds for the first time:

Annual Net Sales Threshold	Sales Milestone Payment
$100 million	$5 million
$200 million	$20 million
[***]	[***]

[***]. [***].

8.5 Royalties.

(a) Royalty Rates. During the Royalty Term, MPI shall pay to SGI a royalty at the following royalty rates, on aggregate Net Sales of the Licensed Product in a Calendar Year by MPI, its Affiliates and its sublicensees in the

Licensed Territory:

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Calendar Year Net Sales of Licensed Product in the Licensed Territory	Royalty Rate for Net Sales
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(b) Clarifications. For the avoidance of doubt, the incremental royalty percentage rates set forth in Section 8.5(a) shall [***]. The obligation to pay royalties shall be imposed [***].

(c) Adjustments Related to Generic Products If, on a country-by-country basis, sales in the Field on a [***] basis of Generic Products in such country [***] of all Generic Products and Licensed Products in such country as measured at the end of a [***], then any royalties due under Section 8.5(a) shall be [***], starting with the [***], by:

(i) [***]; and

(ii) [***];

provided, however, that in no event shall the royalties due under Section 8.5(a) be [***].

Sales levels for Generic Products shall be based on information provided by a qualified market research firm selected by mutual agreement of the Parties (collectively, the **"Generic Market Data"**). Notwithstanding anything to the contrary, where Generic Market Data is not available on a country-by-country basis for a country but Generic Market Data (x) is available on a regional basis for the geographic region containing such country, such available regional sales data across all countries in the applicable geographical region (*e.g.*, Europe, South America, Africa, Asia) shall be used in the determination of the volume of sales of Generic Products in such country or (y) is available for the major market country(ies) in such geographical region accounting for at least [***] of the total market for Generic Products across such geographic region, the Generic Market Data for the applicable major market countries will be used to determine the volume of sales for all countries within the applicable geographical region. Where no Generic Market Data is available for a particular geographical region, the Parties will determine the level of sales of Generic Products in such region in good faith based on the totality of the information then available for global sales of Licensed Products and Generic Products.

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(d) Third Party Royalties. To the extent that MPI pays, pursuant to Section 8.6, amounts due under an Existing Third Party Agreement or Future Third Party Agreement, MPI shall be entitled to [***]; provided that such [***]. MPI may [***].

(e) Limitation on [***]**.** Notwithstanding Sections 8.5(c) and 8.5(d) above, in no event shall the [***] of the amounts set forth in Section 8.5(a). For example, if, [***]. [***].

(f) Royalty Term. Royalties payable under this Section 8.5 with respect to a particular Licensed Product in a particular country in the Licensed Territory, will commence on the Effective Date and will continue for so long as such Licensed Product is sold in such country (such period, the **"Royalty Term"**).

(g) Royalty Payments and Reports. MPI shall calculate all royalty amounts payable to SGI pursuant to this Section 8.5 with respect to Net Sales at the end of each Calendar Quarter, which amounts shall be converted to Dollars at such time in accordance with Section 8.9. MPI shall provide such calculation to SGI within twenty (20) Business Days after the end of each Calendar Quarter. Each such calculation shall include a statement of the amount of gross sales of the Licensed Products in the Licensed Territory during the applicable Calendar Quarter, an itemized calculation of Net Sales in the Licensed Territory showing deductions, to the extent practicable, provided for in the definition of "Net Sales" during such Calendar Quarter, and a calculation of the amount of royalty payment due on such sales for such Calendar Quarter. MPI shall require its sublicensees to account for their Net Sales and to provide such reports with respect thereto as if such sales were made by MPI. SGI shall promptly invoice MPI after receipt of such report and MPI shall pay such invoice within twenty (20) Business Days after receipt of such invoice.

8.6 Third Party Royalties. Subject to Section 8.5(d), [***], and all [***], in each case to the extent due as a result of Development, use, manufacture, importation, sale, or offering for sale of the Licensed Product in the Licensed Territory by MPI, its Affiliates, or their respective sublicensees. For purposes of the calculation of [***], MPI shall reasonably estimate the amount of such payments pursuant to any such agreement to which MPI is not a party, shall report such calculation in the report it provides pursuant to Section 8.5(g), [***]. SGI shall promptly confirm or update such calculation, along with reasonable detail to support any update thereof, and (a) [***], and (b) [***]. With respect to any tiered royalties based on sales of Licensed Product in the Licensed Territory and the SGI Territory, each Party shall pay [***].

8.7 Taxes.

(a) Cooperation and Coordination. The Parties acknowledge and agree that it is their mutual objective and intent to appropriately minimize, to the extent feasible and legal, the Taxes payable with respect to their collaborative efforts under this Agreement and that they shall use all commercially reasonable efforts to cooperate and coordinate with each other to achieve such objective.

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(b) Payment of Taxes. A Party receiving a payment pursuant to this Article 8 shall pay any and all Taxes levied on such payment. If applicable Laws require that Taxes be deducted and withheld from a payment made pursuant to this Article 8, the remitting Party shall (i) deduct those Taxes from the payment; (ii) pay the Taxes to the proper taxing authority; and (iii) send evidence of the obligation together with proof of payment to the other Party within [***] following that payment.

(c) Assessment. Either Party may, at its own expense, protest any assessment, proposed assessment, or other claim by any Governmental Authority for any additional amount of Taxes, interest or penalties or seek a refund of such amounts paid if permitted to do so by applicable Law. The Parties shall cooperate with each other in any protest by providing records and such additional information as may reasonably be necessary for a Party to pursue such protest.

8.8 Blocked Currency. In each country where the local currency is blocked and cannot be removed from the country, royalties accrued on Net Sales in that country shall be paid to SGI in the equivalent amount in Dollars unless the Parties otherwise agree.

8.9 Foreign Exchange. The rate of exchange to be used in converting a foreign currency into Dollars for the purpose of computing any payments hereunder shall be the average month end rates of exchange for the applicable foreign currency published in [***].

8.10 Late Payments. If a Party does not receive payment of any sum due to it on or before the due date, [***] shall thereafter accrue on the sum due to such Party until the date of payment at the per annum rate of [***] over the then-current prime rate quoted by Citibank in New York City or the maximum rate allowable by applicable Law, whichever is lower.

8.11 Records; Audits. MPI will maintain complete and accurate records in sufficient detail to permit SGI to confirm the accuracy of the calculation of royalty payments under this Agreement. Each Party will maintain complete and accurate records in sufficient detail to permit the other Party to confirm the accuracy of all Joint Development Costs and, except as provided in Section 7.8, any other costs shared by the Parties or other payments made by one Party to the other under this Agreement. Upon reasonable prior notice, such records shall be available during regular business hours for a period of [***] from the creation of individual records for examination [***] the Party requesting the audit (the **"Auditing Party"**), and not more often than [***], by an independent certified public accountant selected by the Auditing Party and reasonably acceptable to the Party being audited (the **"Audited Party"**), for the sole purpose of verifying the accuracy of the financial reports furnished by the Audited Party pursuant to this Agreement. Any such auditor shall not disclose the Audited Party's Confidential Information, except to the extent such disclosure is necessary to verify the accuracy of the financial reports furnished by that Party or the amount of payments due by MPI or SGI under this Agreement. Any amounts shown to be [***] within thirty (30) days from the accountant's report, plus interest (as set forth in Section 8.9) from the original due date. Any amounts shown to have been [***] within sixty (60) days from the accountant's report. The Auditing Party shall bear the full cost of such audit

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unless such audit discloses an underpayment of the amount actually owed during the applicable [***] of more than [***], in which case the Audited Party shall [***].

8.12 Calendar Days. Any payment which becomes due on any day which is not a Business Day shall instead be due on the next Business Day.

ARTICLE 9

INTELLECTUAL PROPERTY MATTERS

9.1 Ownership of Inventions. Each Party shall own any inventions made solely by its or its Affiliates' employees, agents, or independent contractors in the course of conducting its activities under this Agreement, together with all intellectual property rights therein (**"Sole Inventions"**). The Parties shall jointly own any inventions that are made jointly by employees, agents, or independent contractors of SGI or its Affiliates, on the one hand, and MPI or its Affiliates, on the other hand, in the course of performing activities under this Agreement, together with all intellectual property rights therein (**"Joint Inventions"**). Notwithstanding the above, if any Sole Invention made by [***] or Joint Invention relates primarily to or is derived directly from the [***] (but not derived from the Licensed Product more generally) (a "[***]"), (i) [***] shall, and hereby does, assign to [***] its interest in such [***] (which shall thereafter be [***]), (ii) subject to Section 9.3, [***] shall have the sole right and authority to prepare, file, prosecute and maintain Patents claiming such assigned inventions and they shall be considered [***]. Inventorship shall be determined in accordance with U.S. patent laws. Sole Inventions owned by MPI and MPI's interest in Joint Inventions shall be included in the MPI Technology, as applicable. Sole Inventions owned by SGI and SGI's interest in Joint Inventions shall be included in the Licensed Technology, as applicable.

9.2 Disclosure of Inventions. Each Party shall promptly disclose to the other any invention disclosures, or other similar documents, submitted to it by its or its Affiliates' employees, agents or independent contractors describing inventions that are Joint Inventions or Sole Inventions, and all Information relating to such Joint Inventions or Sole Inventions.

9.3 Prosecution of Patents.

(a) SGI Patent Rights. SGI shall use reasonable efforts to prepare, file, prosecute and maintain the SGI Patent Rights in coordination with MPI, as set forth below.

(i) SGI Platform Patent Rights. Except as otherwise provided in this Section 9.3(a)(i), SGI shall have the sole right and authority to prepare, file, prosecute and maintain the SGI Platform Patent Rights on a worldwide basis. [***] of such filing, prosecution and maintenance shall be [***]. SGI shall provide MPI reasonable opportunity to review and comment on such efforts regarding such SGI Platform Patent Rights in the Licensed Territory applicable to the Licensed Product, including by providing MPI with a copy of material communications from any patent authority in the Licensed Territory

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regarding such SGI Platform Patent Rights, and by providing at least one draft of any material filings or responses substantially in the form to be filed with such patent authorities in advance of submitting such filings or responses. SGI shall consider MPI's comments in good faith.

(ii) SGI Product Patent Rights. Except as otherwise provided in this Section 9.3(a)(ii), SGI shall have the sole right and authority to prepare, file, prosecute and maintain the SGI Product Patent Rights on a worldwide basis. [***] of such filing, prosecution and maintenance shall [***]; provided, however, that if MPI elects not to [***] with respect to an SGI Product Patent Right in a country(ies) in the Licensed Territory, it shall notify SGI, [***]. SGI shall provide MPI reasonable opportunity to review and comment on such efforts regarding such SGI Product Patent Rights in the Licensed Territory, including by providing MPI with a copy of material communications from any patent authority in the Licensed Territory regarding such SGI Product Patent Rights, and by providing drafts of any material filings or responses to be made to such patent authorities in advance of submitting such filings or responses. SGI shall consider MPI's comments in good faith. If SGI determines in its sole discretion to abandon or not maintain any SGI Product Patent Right in any country in the Licensed Territory (other than any SGI Product Patent Right to which [***]), then SGI shall provide MPI with written notice of such determination within a period of time reasonably necessary to allow MPI to assume responsibility for the filing, prosecution and maintenance of such SGI Product Patent Right in such country. In the event MPI provides written notice to SGI expressing its interest in such SGI Product Patent Right in such country, MPI shall thereafter have the right to direct the filing, prosecution and maintenance of such SGI Product Patent Right in such country on SGI's behalf, and [***]. Notwithstanding the foregoing, if SGI determines that continued prosecution of any SGI Product Patent Right in any country in the Licensed Territory will unreasonably affect SGI's ability to prosecute and obtain patent protection for any SGI Platform Patent Right in the country in the Licensed Territory, SGI shall have the right, after reasonable consultation with MPI, to [***]. For the avoidance of doubt, SGI shall have the unilateral right, [***], to [***].

(b) MPI Patent Rights. Except as otherwise provided in this Section 9.3(b), MPI shall have the sole right and authority to prepare, file, prosecute and maintain the MPI Patent Rights (other than Joint Patents) on a worldwide basis. The [***], with SGI responsible for such [***], and MPI responsible for such [***]; provided, however, that if SGI elects not to [***], it shall notify MPI and such [***]. MPI shall provide SGI reasonable opportunity to review and comment on such efforts regarding the MPI Collaboration Patent Rights in the SGI Territory, including by providing SGI with a copy of material communications from any patent authority regarding such MPI Collaboration Patent Rights, and by providing drafts of any material filings or responses to be made to such patent authorities in advance of submitting such filings or responses. If MPI determines in its sole discretion to abandon or not maintain any MPI Collaboration Patent Rights in any country in the SGI Territory, then MPI shall provide SGI with written notice of such determination within a period of time reasonably necessary to allow SGI to assume responsibility for the filing, prosecution and maintenance of such MPI Collaboration Patent Rights. In the event

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SGI provides written notice to MPI expressing its interest in such MPI Collaboration Patent Rights, SGI shall thereafter have the right to direct the filing, prosecution and maintenance of such MPI Collaboration Patent Rights on MPI's behalf, and the costs of such filing, prosecution and maintenance shall be borne by SGI.

(c) Joint Patents. Except as otherwise provided in this Section 9.3(c), SGI shall have the primary right and authority to prepare, file, prosecute and maintain the Patents included in the Joint Inventions ("**Joint Patents**") on a worldwide basis. The [***], with SGI responsible for such [***], and MPI responsible for such [***], unless the Parties otherwise [***]. SGI shall provide MPI with the reasonable opportunity to review and comment on such efforts regarding such Joint Patents in the Territory, including by providing MPI with a copy of material communications from any patent authority in such country(ies) regarding such Joint Patents, and by providing drafts of any material filings or responses to be made to such patent authorities in advance of submitting such filings or responses, and SGI shall give due consideration to any reasonable comments made by MPI. If SGI determines in its sole discretion to abandon or not maintain any Joint Patent(s) in any country(ies) of the world**,** then SGI shall provide MPI with written notice of such determination within a period of time reasonably necessary to allow MPI to assume responsibility for the filing, prosecution and maintenance of such Joint Patents. In the event MPI provides written notice to SGI expressing its interest in such Joint Patents, MPI shall thereafter have the right to direct the filing, prosecution and maintenance of such Joint Patents on the Parties' behalf, and [***].

(d) Cooperation in Prosecution. Each Party shall provide the other Party all reasonable assistance and cooperation in the Patent prosecution efforts provided above in this Section 9.3, including providing any necessary powers of attorney and executing any other required documents or instruments for such prosecution, as well as further actions as set forth below.

(i) The Parties shall respectively prepare, file, maintain and prosecute the SGI Patent Rights, MPI Patent Rights and Joint Patents as set forth in this Section 9.3. As used herein, "prosecution" of such Patents shall include, without limitation, all communication and other interaction with any patent office or patent authority having jurisdiction over a patent application throughout the world in connection with pre- and post-grant proceedings.

(ii) All communications between the Parties relating to the preparation, filing, prosecution or maintenance of the SGI Patent Rights, MPI Patent Rights and Joint Patents, including copies of any draft or final documents or any communications received from or sent to patent offices or patenting authorities with respect to such Patents, shall be considered Confidential Information of both Parties (provided, however, that communications (if any) with respect to MPI Patent Rights shall be considered Confidential Information of MPI) and subject to the confidentiality provisions of Article 12.

(iii) Assignments in the Patents claiming Sole Inventions or Joint Inventions shall be effected as follows:

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(1) employees or agents of MPI or its Affiliates that are properly named as inventors on any Patents claiming a Sole Invention or Joint Invention shall assign their interest in such Patents to MPI; and

(2) employees or agents of SGI or its Affiliates that are properly named as inventors on any Patents claiming a Sole Invention or Joint Invention shall assign their interest in such Patents to SGI.

9.4 Patent Term Extensions. The JSC will discuss and recommend for which, if any, of the Patents within the SGI Patent Rights, MPI Collaboration Patent Rights and Joint Patents in the Licensed Territory the Parties should seek Patent Term Extensions in the Licensed Territory. [***]. [***]. All filings for such extensions shall be made by the Party Controlling such Patent or, in the case of Joint Patents, by the Party responsible for filing, prosecuting and maintaining such Joint Patents in accordance with Section 9.3(c). The Party that does not apply for an extension hereunder will cooperate fully with the other Party in making such filings or actions, for example and without limitation, making available all required regulatory data and information and executing any required authorizations to apply for such Patent Term Extension. [***].

9.5 Infringement of Patents by Third Parties.

(a) Notification. Each Party shall promptly notify the other Party in writing of any existing or threatened infringement of the SGI Patent Rights, MPI Collaboration Patent Rights or Joint Patents of which it becomes aware, shall provide all evidence in such Party's possession demonstrating such infringement, and share with the other Party all information available to it regarding such alleged infringement.

(b) Infringement of SGI Patent Rights.

(i) SGI shall have the first right, but not the obligation, to initiate a suit or take other appropriate action that it believes is reasonably required to protect (i.e., prevent or abate actual or threatened infringement or misappropriation of) or otherwise enforce SGI Platform Patent Rights anywhere in the world or SGI Product Patent Rights in the SGI Territory, [***].

(ii) With respect to any alleged infringement of SGI Platform Patent Rights in the Licensed Territory based on the making, using, selling, offering for sale or importing a product targeting CD30 ("**CD30 Product Activities**"), SGI shall have a period of [***] after the first notice under Section 9.5(a) to elect to enforce SGI Platform Patent Rights against such infringement in the Licensed Territory. In the event SGI does not so elect in the Licensed Territory, SGI shall so notify MPI in writing of its decision and its reasons for not electing to file suit, and in such notice, notify MPI whether MPI is permitted to initiate a suit or take other appropriate action to enforce such SGI Platform Patent Rights in the Licensed Territory against such infringement, in which case MPI may, in its discretion, initiate a suit or take other appropriate action to enforce such SGI Platform Patent Rights in the Licensed Territory at [***]. In this case, SGI shall take appropriate actions in order

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to enable MPI to commence a suit or take the actions set forth in the preceding sentence. [***].

(iii) MPI shall have the first right, but not the obligation, to initiate a suit or take other appropriate action that it believes is reasonably required to protect (i.e., prevent or abate actual or threatened infringement or misappropriation of) or otherwise enforce SGI Product Patent Rights in the Licensed Territory against allegedly infringing CD30 Product Activities, [***]. In this case, SGI shall take appropriate actions in order to enable MPI to commence a suit or take the actions set forth in the preceding sentence. MPI shall have a period of [***] after the first notice under Section 9.5(a) to elect to enforce such SGI Product Patent Rights against such infringement in the Licensed Territory. In the event MPI does not so elect, MPI shall so notify SGI in writing, and SGI may, in its discretion, initiate a suit or take other appropriate action to enforce such SGI Product Patent Rights in the Licensed Territory against such infringement [***]. In this case, MPI shall take appropriate actions in order to enable SGI to commence a suit or take the actions set forth in the preceding sentence.

(c) Infringement of MPI Patents.

(i) MPI shall have the first right, but not the obligation, to initiate a suit or take other appropriate action that it believes is reasonably required to protect (i.e., prevent or abate actual or threatened infringement or misappropriation of) or otherwise enforce MPI Non-Collaboration Patent Rights anywhere in the world or MPI Collaboration Patent Rights in the Licensed Territory at its own cost and expense.

(ii) With respect to any alleged infringement of MPI Collaboration Patent Rights in the Licensed Territory based on CD30 Product Activities, MPI shall have a period of [***] after the first notice under 9.5(a) to elect to enforce such MPI Collaboration Patent Rights against such infringement in the Licensed Territory. In the event MPI does not so elect, MPI shall so notify SGI in writing, and SGI may, in its discretion, initiate a suit or take other appropriate action to enforce such MPI Collaboration Patent Rights in the Licensed Territory against such CD30 Product Activities, [***]. In this case, MPI shall take appropriate actions in order to enable SGI to commence a suit or take the actions set forth in the preceding sentence.

(iii) SGI shall have the first right, but not the obligation, to initiate a suit or take other appropriate action that it believes is reasonably required to protect (i.e., prevent or abate actual or threatened infringement or misappropriation of) or otherwise enforce MPI Collaboration Patent Rights in the SGI Territory against allegedly infringing CD30 Product Activities, [***]. SGI shall have a period of [***] after the first notice under 9.5(a) to elect to enforce such MPI Collaboration Patent Rights against such infringement in the SGI Territory. In the event SGI does not so elect, SGI shall so notify MPI in writing, and MPI may, in its discretion, initiate a suit or take other appropriate action to enforce such MPI Collaboration Patent Rights in the SGI Territory against such infringement [***]. In this case, SGI shall take appropriate actions in order to enable MPI to commence a suit or take the actions set forth in the preceding sentence.

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(d) Infringement of Joint Patents. If a Third Party infringes any Joint Patents, the Parties shall discuss such infringement and SGI and MPI shall have the joint right, but neither Party shall be obligated, to initiate a suit or take other appropriate action that one or both Parties believe is reasonably required to protect (i.e., prevent or abate actual or threatened infringement or misappropriation of) or otherwise enforce such Joint Patents against such infringement. If both Parties agree to so enforce such Joint Patents, they shall be jointly responsible for, and [***] of any suit brought by them and shall [***]. If one Party elects not to enforce such Joint Patents against such infringement, then the other Party shall have the right, but not the obligation, to take action to enforce such Joint Patents against such infringement [***].

(e) Cooperation. Each Party shall provide to the Party enforcing any such rights under this Section 9.5 reasonable assistance in such enforcement, at such enforcing Party's request [***], including joining such action as a party plaintiff if required by applicable Law to pursue such action. Except with respect to the MPI Non-Collaboration Patent Rights, the enforcing Party shall keep the other Party regularly informed of the status and progress of such enforcement efforts, shall reasonably consider the other Party's comments on any such efforts, and shall seek consent of the other Party in any important aspects of such enforcement including, without limitation, determination of litigation strategy, filing of important papers to the competent court, which consent shall not be unreasonably withheld or delayed.

(f) Separate Representation. The Party not bringing an action with respect to an infringement in the Licensed Territory under this Section 9.5 shall be entitled to separate representation in such matter by counsel of its own choice and [***], but such Party shall at all times cooperate fully with the Party bringing such action.

(g) Allocation of Recoveries. If either Party recovers monetary damages from any Third Party in a suit or action brought under Section 9.5(b) or Section 9.5(c), whether such damages result from the infringement of SGI Patent Rights or MPI Collaboration Patent Rights, such recovery shall be allocated (i) [***]; and (ii) [***]; provided, however, that, (A) with respect to any such suit or action brought by MPI pursuant to Section 9.5(b)(ii) or 9.5(b)(iii), the amount of such remainder shall be [***]; (B) with respect to any such suit or action brought by SGI pursuant to Section 9.5(b)(iii), the amount of such remainder shall be [***]; and (C) with respect to any such suit or action brought by SGI pursuant to Section 9.5(b)(ii), SGI shall [***], provided, however, that if [***].

9.6 Infringement of Third Party Rights in the Licensed Territory.

(a) Notice. If any Licensed Product manufactured, used or sold by either Party, its Affiliates, licensees or sublicensees becomes the subject of a Third Party's claim or assertion of infringement of a Patent granted by a jurisdiction within the Licensed Territory or other jurisdictions where the Licensed Product is manufactured, the Party first having notice of the claim or assertion shall promptly notify the other Party, the Parties shall agree on and enter into an "identity of interest agreement" wherein such Parties agree to their

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shared, mutual interest in the outcome of such potential dispute, and thereafter, the Parties shall promptly meet to consider the claim or assertion and the appropriate course of action.

(b) Defense. Each Party shall have the first right, but not the obligation, to defend any such Third Party claim or assertion of infringement of a Patent brought against such Party as described in subsection (a) above, at such Party's expense. If such Party does not commence actions to defend such claim within [***] after it receives notice thereof (or within [***] after it should have given notice thereof to the other Party as required by Section 9.6(a)), then to the extent allowed by applicable Laws, such other Party shall have the right, but not the obligation, to control the defense of such claim by counsel of its choice, at such other Party's expense. The non-defending Party shall reasonably cooperate with the Party conducting the defense of the claim or assertion, including, if required to conduct such defense, furnishing a power of attorney.

(c) Settlement. Each Party shall have an equal right to participate in any settlement discussions that are held with Third Parties described in this Section 9.6, and neither Party shall enter into any settlement of any claim described in this Section 9.6 that materially adversely affects the other Party's rights or interests without such other Party's written consent, which consent shall not be unreasonably withheld or delayed.

9.7 Patent Invalidity Claim. Each Party shall promptly notify the other Party in writing of any legal or administrative action by any Third Party against a MPI Collaboration Patent Right, SGI Patent Right or Joint Patent Right of which it becomes aware, including any nullity, revocation, reexamination or compulsory license proceeding. Responsibility for defending against any such action shall be determined in the same manner as enforcement of the relevant Patent Rights pursuant to Section 9.5.

9.8 Patent Marking. To the extent required by Law in order to protect Patent rights, (a) MPI (or its Affiliate or sublicensee) shall mark Licensed Products marketed and sold by MPI (or its Affiliate or sublicensee) hereunder with appropriate patent numbers or indicia of SGI Patent Rights at SGI's request, and (b) SGI (or its Affiliate or sublicensee) shall mark Licensed Products marketed and sold by SGI (or its Affiliate or sublicensee) hereunder with appropriate patent numbers or indicia of MPI Patent Rights at MPI's request.

9.9 License Registration. Wherever applicable, for each SGI Patent Right in the Licensed Territory, SGI shall register MPI's exclusive license to such SGI Patent Right before the applicable patent authority, [***]. In addition, SGI shall allow MPI to file appropriate information with the Regulatory Authorities in the Licensed Territory listing any SGI Patents or Joint Patents in the orange book equivalent, if any, as a patent relating to the Licensed Product.

9.10 Trademarks. Both Parties shall use the same brand name and associated trademarks for Licensed Products to create a worldwide brand for Licensed Products unless a Party has cause to use a different brand name (such as for regulatory or Third Party infringement reasons) in its territory and informs the JSC thereof. Neither Party shall, without the other Party's consent, use any trademarks that include, in whole or part, any

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corporate logo or name of the other Party or marks confusingly similarly thereto, in connection with such Party's marketing or promotion of the Licensed Product, except as otherwise agreed by the JCC or JSC or as otherwise required by applicable Law. Except as otherwise agreed by the JCC or JSC, (a) SGI shall be responsible for the selection, registration, maintenance and defense of all trademarks for use in connection with the sale or marketing of the Licensed Product in the SGI Territory at [***], and SGI shall own such trademarks, and (b) MPI shall be responsible for the selection, registration, maintenance and defense of all trademarks for use in connection with the sale or marketing of the Licensed Product in the Licensed Territory at [***], and MPI shall own such trademarks. Subject to applicable Laws, and to the extent agreed upon by the JDC, any development materials used by a Party (i.e., abstracts, journal materials and listing of clinical studies) relating to the Licensed Product shall include the other Party's name and a trademark owned by and designated by such other Party, and shall display the names and trademarks of both Parties in equal prominence. To the extent a Party reasonably requests to use the other Party's trademarks, including the Party's name and trademarks (including any use of SGI's name and trademarks by MPI pursuant to the preceding sentence), such other Party shall provide a non-exclusive, worldwide, royalty-free, fully-paid, license to such trademarks to the requesting Party solely for the purpose of fulfilling its obligations under this Agreement, subject to the licensed Party complying with the licensing Party's trademark guidelines and quality control provisions. Such license shall be sublicensable only to such Party's Affiliates, and its permitted Distributors and commercial sublicensees necessary to Commercialize a Licensed Product or otherwise fulfill its obligations hereunder.

ARTICLE 10

REPRESENTATIONS AND WARRANTIES

10.1 Mutual Representations and Warranties. Each Party hereby represents, warrants, and covenants (as applicable) to the other Party as follows:

(a) Corporate Existence and Power. It is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including, without limitation, the right to grant the licenses granted by it hereunder.

(b) Authority and Binding Agreement. As of the Effective Date, (i) it has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of the Agreement and the performance of its obligations hereunder; and (iii) the Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms.

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(c) No Conflict; Covenant. It is not a party to any agreement that would materially prevent it from granting the rights granted to the other Party under this Agreement or performing its obligations under the Agreement.

(d) No Debarment. In the course of the Development of Licensed Products, such Party has not used, prior to the Effective Date, and shall not use, during the Term, any employee or consultant who has been debarred by any Regulatory Authority, or, to the best of such Party's knowledge, is the subject of debarment proceedings by a Regulatory Authority.

10.2 Additional Representations, Warranties and Covenants of SGI. SGI represents, warrants and covenants to MPI as follows:

(a) Non-Infringement of SGI Patent Rights by Third Parties. As of the Effective Date, to SGI's Best Knowledge, there are no activities by Third Parties that would [***].

(b) No Claims of Third Party Rights. To SGI's Best Knowledge as of the Effective Date, (i) (A) the Development, use and Manufacture of the Licensed Product in the Territory [***], and (B) [***], and (ii) [***].

(c) Ownership. As of the Effective Date, SGI owns or has rights to the Licensed Technology, [***]. SGI shall [***]).

(d) Validity and Enforceability. To SGI's Best Knowledge, the issued patents included in the SGI Patent Rights and SGI Third Party Patent Rights as of the Effective Date are valid and enforceable. To SGI's Best Knowledge as of the Effective Date, [***]. [***]. To SGI's Best Knowledge, [***].

(e) No Action or Claim. As of the Effective Date, there are no actual, pending or, to SGI's Best Knowledge, [***].

(f) Completeness. **Exhibit A** includes a complete and correct list, in all material respects, of all SGI Patent Rights existing as of the Effective Date and to SGI's Best Knowledge, all SGI Third Party Patent Rights existing as of the Effective Date.

(g) IP Disclosure. SGI has provided MPI with access to (i) [***] and (ii) [***].

(h) Third Party Agreements. **Exhibit E** sets forth a true and complete list of (i) all Existing Third Party Agreements (including all royalties and milestones to be paid thereunder) and (ii) all material agreements in effect as of the Effective Date between SGI or its Affiliates, on the one hand, and any Third Party manufacturer with respect to the antibody, drug-linker, conjugation and fill/finish of the Licensed Product (or any component thereof, other than raw materials), on the other hand. SGI has, prior to the Effective Date, provided MPI with access to true and complete copies of each of the agreements listed in **Exhibit E** and any prior agreements for the manufacture of the License Product where

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[***]. As of the Effective Date, to SGI's Best Knowledge, [***]. As of the Effective Date, [***]. As of the Effective Date, the agreements listed in **Exhibit E** are in full force and effect. SGI shall use commercially reasonable efforts to maintain and perform its obligations under the Existing Third Party Agreements and the other agreements listed in **Exhibit E** in full force and effect during the Term and [***].

(i) Manufacturing Agreements. Except as has been specifically disclosed to MPI or included in Third Party manufacturing agreements provided to MPI prior to the Effective Date, [***]. SGI shall not amend any such agreement in a manner that would [***]. As of the Effective Date, the Manufacturing process for the Licensed Product [***].

(j) Compliance with Laws. The Development, use and Manufacture of Licensed Products in the Territory on or prior to the Effective Date has been conducted by SGI and its Affiliates and its and their subcontractors, in compliance (in all material respects) with all applicable Laws ([***])**.** To SGI's Best Knowledge, neither SGI nor any of its Affiliates, nor any of their respective officers, employees or agents, [***].

(k) Product Disclosure. As of the Effective Date, SGI has provided MPI with all material information in SGI's or its Affiliates' possession or control [***].

10.3 Disclaimer. MPI understands that the Licensed Products are the subject of ongoing Development by SGI and that SGI cannot assure the safety, usefulness or commercial potential of Licensed Products. In addition, SGI makes no warranties except as expressly set forth in this Article 10 concerning the Licensed Products and Licensed Technology.

10.4 No Other Representations or Warranties. EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 10, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL IMPLIED REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

ARTICLE 11

INDEMNIFICATION

11.1 Indemnification by SGI. SGI shall defend, indemnify, and hold MPI and its Affiliates and MPI's and its Affiliates' officers, directors, employees, and agents (collectively, the **"MPI Indemnitees"**) harmless from and against any and all Third Party claims, suits, proceedings, damages, expenses (including court costs and reasonable attorneys' fees and expenses), and recoveries (collectively, **"Claims"**) to the extent that such Claims arise out of, are based on, or result from (a) the Commercialization of Licensed Products by or on behalf of SGI or its Affiliates, or their respective Distributors or licensees in the SGI

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Territory; (b) any SGI Independent Activities; (c) a breach of any of SGI's representations, warranties, or obligations under the Agreement; (d) the willful misconduct or negligent acts of SGI, its Affiliates, or the officers, directors, employees, or agents of SGI or its Affiliates under this Agreement; or (e) the development, manufacture, use or commercialization of any [***] by or on behalf of SGI or its Affiliates, or their respective Distributors or licensees (except as otherwise provided in any written agreement between the Parties). The foregoing indemnity obligation shall not apply to the extent that the MPI Indemnitees fail to comply with the indemnification procedures set forth in Section 11.3 and SGI's defense of the relevant Claims is prejudiced by such failure, or to the extent that any Claim arises from, is based on, or results from (i) a breach of any of MPI's representations, warranties, or obligations under the Agreement; or (ii) the willful misconduct or negligent acts of MPI or its Affiliates, or the officers, directors, employees, or agents of MPI or its Affiliates.

11.2 Indemnification by MPI. MPI shall defend, indemnify, and hold SGI and its Affiliates and SGI's and its Affiliates' officers, directors, employees, and agents (collectively, the **"SGI Indemnitees"**) harmless from and against any and all Claims to the extent that such Claims arise out of, are based on, or result from (a) the Commercialization of the Licensed Products by or on behalf of MPI or its Affiliates, or their respective Distributors or sublicensees in the Licensed Territory; (b) any MPI Independent Activities, (c) a breach of any of MPI's representations, warranties, or obligations under the Agreement; (d) the willful misconduct or negligent acts of MPI or its Affiliates, or the officers, directors, employees, or agents of MPI or its Affiliates under this Agreement; or (e) the development, manufacture, use or commercialization of any [***] by or on behalf of MPI or its Affiliates, or their respective Distributors or licensees (except as otherwise provided in any written agreement between the Parties). The foregoing indemnity obligation shall not apply to the extent that the SGI Indemnitees fail to comply with the indemnification procedures set forth in Section 11.3 and MPI's defense of the relevant Claims is prejudiced by such failure, or to the extent that any Claim arises from, is based on, or results from (i) a breach of any of SGI's representations, warranties, or obligations under the Agreement; or (ii) the willful misconduct or negligent acts of SGI or its Affiliates, or the officers, directors, employees, or agents of SGI or its Affiliates.

11.3 Indemnification Procedures. A Party claiming indemnity under this Article 11 (the **"Indemnified Party"**) shall give written notice to the Party from whom indemnity is being sought (the **"Indemnifying Party"**) promptly after learning of such Claim. The Indemnified Party shall provide the Indemnifying Party with reasonable assistance, at the Indemnifying Party's expense, in connection with the defense of the claim for which indemnity is being sought. The Indemnifying Party shall have the right to assume and conduct the defense of the claim with counsel of its choice; provided the Indemnified Party may participate in and monitor such defense with counsel of its own choosing [***]; provided further, that the Indemnifying Party shall obtain the prior written consent (such consent to not be unreasonably withheld, delayed or conditioned) of any such Indemnified Party as to any settlement which would materially diminish or materially adversely affect the scope, exclusivity or duration of any Patents licensed under this Agreement, would require any payment by such Indemnified Party, would require an admission of legal wrongdoing in

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any way on the part of an Indemnified Party, would effect an amendment of this Agreement or would otherwise materially adversely affect the Indemnified Party. So long as the Indemnifying Party is actively defending the claim in good faith, the Indemnified Party shall not settle any such claim without the prior written consent of the Indemnifying Party. If the Indemnifying Party does not assume and conduct the defense of the claim as provided above, (a) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to the claim in any manner the Indemnified Party may deem reasonably appropriate (and the Indemnified Party need not consult with, or obtain any consent from, the Indemnifying Party in connection therewith), and (b) the Indemnifying Party will remain responsible to indemnify the Indemnified Party as provided in this Article 11.

11.4 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT DAMAGES ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 11.4 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER SECTION 11.1 OR 11.2, OR DAMAGES AVAILABLE FOR A PARTY'S BREACH OF (A) CONFIDENTIALITY OBLIGATIONS IN ARTICLE 12, (B) THE EXCLUSIVE OR CO-EXCLUSIVE LICENSES GRANTED TO THE OTHER PARTY PURSUANT TO SECTION 2.1, OR (C) SECTION 2.5.

11.5 Insurance. Each Party shall secure and maintain in full force and effect throughout the term of this Agreement (and for at least [***] thereafter for claims made coverage), insurance with coverage and minimum policy limits set forth as follows:

(a) [***];

(b) [***];

(c) [***]; and

(d) [***].

Notwithstanding the foregoing, MPI may elect to self-insure all or a portion of its insurance obligations set forth herein. During the period that this Section 11.5 requires a Party to secure and maintain insurance in full force and effect, such Party shall furnish to the other Party, upon request, a certificate from an insurance carrier (having a [***]) demonstrating the insurance requirements set forth above, naming the other Party as an additional insured (except on the policy for Workers' Compensation), or in the event of MPI's self-insurance, MPI shall provide written evidence of such self-insurance. During the period that this Section 11.5 requires a Party to secure and maintain insurance in full force and effect, such Party shall provide that [***] advance written notice will be given to the other Party of any material change or cancellation in coverage or limits.

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ARTICLE 12

CONFIDENTIALITY

12.1 Confidentiality. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the Parties, during the Term and for a period of [***] thereafter ([***]), each Party agrees that it shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement any of the other Party's Confidential Information except for that portion of such information or materials that the receiving Party can demonstrate by competent written proof:

(a) was already known to the receiving Party or its Affiliate, other than under an obligation of confidentiality, at the time of disclosure by the other Party;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

(c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of the receiving Party in breach of this Agreement;

(d) was disclosed, other than under an obligation of confidentiality, to the receiving Party or its Affiliate by a Third Party who has a legal right to make such disclosure; or

(e) was independently discovered or developed by the receiving Party or its Affiliate without the aid, application, or use of the disclosing Party's Confidential Information.

12.2 Authorized Disclosure. Each Party may disclose Confidential Information belonging to the other Party to the extent such disclosure is reasonably necessary in the following situations:

(a) regulatory submissions and other filings with Governmental Authorities, including filings with the Securities and Exchange Commission or other relevant exchange on which such Party is listed;

(b) prosecuting or defending litigation;

(c) filing, prosecuting, maintaining or enforcing Patents to the extent expressly provided in this Agreement;

(d) complying with applicable Laws, including regulations promulgated by securities agencies, court order, and administrative subpoena or order;

(e) disclosure to its employees, agents, consultants, other persons, and any bona fide Third Party sublicensees and Distributors only on a need-to-know basis and

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solely as necessary in connection with the performance of or as otherwise contemplated by this Agreement, provided that in each case the recipient of such Confidential Information must agree to be bound by similar obligations of confidentiality and non-use at least as equivalent in scope as those set forth in this Article 12 prior to any such disclosure and with respect to any Confidential Information received from a Third Party, subject to any specific provisions in an agreement with such Third Party governing disclosure of such information, provided that the receiving Party has first been notified of such provisions and agreed to be bound by them; and

(f) disclosure of the material financial terms of this Agreement to any actual or bona fide potential investor, investment banker, acquiror, merger partner, licensee, sublicensee or other potential financial or collaborative partner; provided, that in connection with such disclosure, the disclosing Party shall use all reasonable efforts to inform each disclosee of the confidential nature of such Confidential Information and obtain from each recipient of such Confidential Information an agreement similar in scope to the restrictions set forth herein regarding Confidential Information and to treat such Confidential Information as confidential.

Notwithstanding the foregoing, in the event a Party is required to make a disclosure of the other Party's Confidential Information pursuant to clause (a) through (c) of this Section 12.2, it will, except where impracticable, give reasonable advance notice to the other Party of such disclosure and use best efforts to secure confidential treatment of such information. In any event, each Party agrees to take all reasonable action to avoid disclosure of the other Party's Confidential Information hereunder.

12.3 Publicity; Terms of Agreement.

(a) The Parties agree that the material terms of this Agreement are included within the Confidential Information of both Parties, subject to the special authorized disclosure provisions set forth below in this Section 12.3 or in Section 12.2. The Parties shall issue a joint press release regarding the execution of this Agreement in the form set forth on **Exhibit B** and on the date mutually agreed by the Parties, which date shall not be later than [***] after the Effective Date.

(b) After release of such press release, if either Party desires to make a public announcement concerning the material terms of this Agreement or either Party's activities under the Global Product Development Plan, such Party shall give reasonable prior advance notice of the proposed text of such announcement to the other Party for its prior review and approval (except as otherwise provided herein), such approval not to be unreasonably withheld or delayed. A Party commenting on such a proposed public announcement shall provide its comments, if any, within [***] after receiving the public announcement for review. To the extent required by law or by the regulations of the applicable securities exchange upon which a Party may be listed, such Party shall have the right to make a public announcement concerning the material terms of this Agreement or either Party's activities under the Global Product Development Plan, including public

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announcements of the achievement of milestones under this Agreement as they are achieved, and the achievements of MAA or NDA approvals in the Licensed Territory as they occur, as well as any financial information necessary for its required financial disclosures, including, as applicable, the amount of milestone payment, royalty revenue and upfront payments, subject only to the review procedure set forth in the preceding sentences. In relation to the other Party's review of such an announcement, such other Party may make specific, reasonable comments on such proposed press release within the prescribed time for commentary, but shall not withhold its consent to disclosure of the information that the relevant milestone has been achieved and triggered a payment hereunder, that MAA or NDA approval has occurred or that such revenue or payments have been earned or received. Notwithstanding the foregoing, except as disclosed in the joint press release in the form attached as **Exhibit B**, SGI acknowledges that the Parties intend to preserve as confidential the royalty rates and royalty tiers under this Agreement, to the extent disclosure thereof is not required by law or by the regulations of the applicable securities exchange upon which a Party may be listed, and SGI shall not disclose MPI's Net Sales without MPI's prior written consent. Neither Party shall be required to seek the permission of the other Party to repeat any information regarding the terms of this Agreement or either Party's activities under the Global Product Development Plan that has already been publicly disclosed by such Party, or by the other Party, in accordance with this Section 12.3.

(c) The Parties acknowledge that each Party may in the future be obligated to file a copy of this Agreement with the U.S. Securities and Exchange Commission or other applicable entity having regulatory authority over such Party's securities (the **"SEC"**). Such Party shall be entitled to make such a required filing, provided that it requests confidential treatment of certain commercial terms and technical terms hereof to the extent such confidential treatment is reasonably available to such Party. In the event of any such filing, such Party will provide the other Party, a reasonable time prior to filing, with a copy of the Agreement marked to show provisions for which the filing Party intends to seek confidential treatment and shall reasonably consider and incorporate the other Party's comments thereon to the extent consistent with the legal requirements governing redaction of information from material agreements that must be publicly filed. Such other Party will as promptly as practical provide any such comments. Each Party recognizes that applicable Laws and SEC policies and regulations to which the filing Party is and may become subject to may require such filing Party to publicly disclose certain terms of this Agreement that the other Party may prefer not be disclosed, and that the filing Party is entitled hereunder to make such required disclosures to the minimum extent necessary to comply with such Laws and SEC policies and regulations.

12.4 Publications. The JDC shall prepare and approve [***] with respect to the Licensed Product and results of studies carried out under this Agreement. Neither Party may publish manuscripts (whether peer-reviewed or not), or give other forms of public disclosure such as abstracts and presentations, of results of studies carried out under this Agreement, without the opportunity for prior review by the other Party or [***]. A Party seeking publication shall provide the other Party and the JDC the opportunity to review

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and comment on any proposed manuscripts, abstracts, scientific presentations or other similar public disclosures which relate to any Licensed Product at least [***] prior to their intended submission for publication or presentation. The other Party shall provide the Party seeking publication with its comments in writing, if any, within [***] after receipt of such proposed manuscripts or presentations. The Party seeking publication shall consider such comments of the other Party and shall remove any and all of the other Party's Confidential Information (other than the Joint Results) at the request of such other Party. In addition, the Party seeking publication shall delay the submission for a period up to [***] in the event that the other Party can demonstrate reasonable need for such delay, including without limitation, the preparation and filing of a patent application. If such Party fails to provide its comments to the Party seeking publication within such [***], such other Party shall be deemed to not have any comments, and the Party seeking publication shall be free to publish in accordance with this Section 12.4 after the [***] has elapsed. The Party seeking publication shall provide the other Party a copy of the manuscript at the time of the submission. The Party seeking publication shall not have the right to publish or present the other Party's Confidential Information without prior written consent of the other Party, except as expressly permitted in this Agreement. With respect to any proposed abstracts, manuscripts or summaries of presentations by investigators or other Third Parties, such materials shall be subject to review under this Section 12.4 to the extent that SGI or MPI, as the case may be, has the right and ability (after using reasonable efforts) to do so.

ARTICLE 13

TERM AND TERMINATION

13.1 Term. This Agreement shall become effective on the Effective Date and shall remain in effect until terminated in accordance with Sections 13.2, 13.3 or 13.4, or by mutual written agreement, or until the expiration of all payment obligations under Article 8 (the **"Term"**).

13.2 Unilateral Termination by MPI. MPI shall have the right to terminate this Agreement in its entirety [***] prior written notice to SGI.

13.3 Termination for Breach. Subject to Section 13.6, each Party shall have the right to terminate this Agreement upon written notice to the other Party if the other Party materially breaches an obligation under this Agreement, and, after receiving written notice from the non-breaching Party identifying such material breach in reasonable detail, fails to cure such material breach (including failure to pay any amounts due hereunder) within [***] from the date of such notice (which may be extended for an additional [***] if such breach cannot be cured within such initial [***] period, provided the breaching Party (a) has begun to cure such breach within such initial [***] period, (b) provides the non-breaching Party with a reasonable plan to cure such breach, and (c) uses reasonable efforts to implement such plan during such additional [***] period). Notwithstanding anything to the contrary herein, [***]. If the alleged breaching Party disputes in good faith the existence or materiality of a breach specified in a notice provided by the other Party,

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then the non-breaching Party shall not have the right to terminate this Agreement under this Section 13.3 unless and until an arbitrator or court, in accordance with Article 14, has determined that the alleged breaching Party has materially breached this Agreement and such Party fails to cure such breach within [***] following such decision of such arbitrator or court (except to the extent such breach involves the failure to make a payment when due, which breach must be cured within [***] following such decision of such arbitrator or court). It is understood and agreed that during the pendency of such dispute, all of the terms and conditions of this Agreement shall remain in effect and the Parties shall continue to perform all of their respective obligations hereunder.

13.4 [***]. [***].

13.5 Effect of Early Termination of the Agreement. Upon the early termination of this Agreement by MPI under Section 13.2, or by SGI under Section 13.3 due to MPI's material uncured breach (whether this Agreement is terminated in its entirety or with respect to a country(ies)), or Section 13.4, the following shall apply (in addition to any other rights and obligations under Sections 13.2, 13.3, or 13.4 or otherwise under this Agreement with respect to such termination or material breach of this Agreement):

(a) Regulatory Materials. To the extent permitted by applicable Laws, [***].

(b) Trademarks. [***].

(c) MPI License. MPI hereby grants to SGI, effective only in event of such termination, an [***] (i) [***] and (ii) [***]. In addition, for clarity, [***].

(d) Transition Assistance.

(i) MPI shall provide reasonable assistance, [***], as may be reasonably necessary for SGI to commence or continue Developing, manufacturing and Commercializing the Licensed Products in the Terminated Countries to the extent MPI is then performing or having performed such activities, including without limitation upon request of SGI, using reasonable efforts to (A) transfer any agreements or arrangements with Distributors, suppliers or vendors which apply solely to the sale or supply of Licensed Products in the Terminated Countries, and (B) amend any agreement or arrangements with Distributors, suppliers or vendors which apply to some extent to the sale or supply of Licensed Products in the Terminated Countries to transfer to SGI the rights solely with respect to Licensed Products in the Terminated Countries, in each case without requiring the payment of additional consideration to such Distributor, supplier or vendor.

(ii) In addition, [***], [***] to complete any ongoing clinical studies included in such Global Product Development Plan, in each case [***] for the Development of the Licensed Product for the Terminated Countries on or before the later of (A) the [***] of the effective date of such termination of this Agreement and (B) [***] of the [***] in which this Agreement is so terminated.

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(iii) To the extent that MPI or its Affiliate is then Manufacturing Licensed Products for the Terminated Countries, MPI shall continue to Manufacture, and shall supply to SGI, [***], such Licensed Products for SGI's use in the Terminated Countries [***] in order to permit SGI to establish sufficient manufacturing capacity for Licensed Product in the Terminated Countries, in addition to the manufacturing capacity that SGI had in place for its use in the SGI Territory. Such period shall be no more than [***] unless otherwise agreed by the Parties.

(e) Remaining Inventories. SGI shall have the right to purchase from MPI, [***], all or part of the inventory of the Licensed Product held by MPI for the Terminated Countries as of the effective date of such termination of this Agreement. SGI shall notify [***] after receiving notice from MPI reporting such inventory as of the date of such termination of this Agreement. If SGI does not exercise such right, then subject to Article 8 hereof, [***]**.**

13.6 Effects of Material Adverse Breach by SGI.

(a) If MPI has the right to terminate this Agreement pursuant to Section 13.3 due to a Material Adverse SGI Breach, then MPI may, by written notice to SGI, elect to waive its right to terminate this Agreement due to the relevant occurrence of such Material Adverse SGI Breach (but shall retain its rights under Section 13.3 to terminate this Agreement with respect to any other material uncured breach of this Agreement by SGI) and continue the Agreement, in which case, effective as of the date MPI would have had the right to terminate this Agreement, [***], and, for the sake of clarity, all other provisions of this Agreement shall remain in full force and effect without change.

(b) "Material Adverse SGI Breach" means (i) [***], (ii) [***], (iii) [***], (iv) [***], (v) [***], (vi) [***], or (vii) [***].

(c) In the event MPI [***] (i) [***]; or (ii) [***].

13.7 Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by SGI and MPI are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code or any comparable provision of any Law in any other jurisdiction, licenses of right to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code or any comparable provision of any Law in any other jurisdiction. The Parties agree that each Party, as licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code or any comparable Law in any other jurisdiction. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party under the U.S. Bankruptcy Code or any comparable Law in any other jurisdiction, the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in such other Party's possession, shall be promptly delivered to such other Party (a) upon any such commencement of a bankruptcy proceeding upon such other Party's written request therefor, unless such Party elects to continue to perform

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all of its obligations under this Agreement, or (b) if not delivered under clause (a), following the rejection of this Agreement by such Party upon written request therefor by such other Party.

13.8 Survival. The following provisions shall survive any expiration or termination of this Agreement for the period of time specified (or indefinitely, as applicable): [***]. For the sake of clarity and notwithstanding anything to the contrary in this Agreement, termination of this Agreement shall be in addition to, and shall not prejudice, the Parties' remedies at law or in equity, including the Parties' ability to receive legal damages and/or equitable relief with respect to any breach of this Agreement, regardless of whether or not such breach was the reason for the termination.

ARTICLE 14

DISPUTE RESOLUTION

14.1 Disputes. The Parties recognize that disputes as to certain matters may from time to time arise during the Term which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 14 (except where a different procedure is otherwise specified in this Agreement) to resolve any controversy or claim arising out of, relating to or in connection with any provision of this Agreement, if and when a dispute arises under this Agreement.

14.2 Referral to Executive Officers. With respect to disputes arising from or not resolved by the JSC, or any other disagreement, dispute or claim arising between the Parties, relating to, but not limited to, the Development of the Licensed Products or otherwise, either Party may, by written notice to the other Party, have such dispute referred to the Executive Officers for each Party for attempted resolution by good faith efforts, which efforts shall include at least one in person meeting within [***] after such notice is received. If the Executive Officers designated by the Parties are not able to resolve such dispute within [***] after such matter is referred to them, then, except as otherwise specified in this Agreement, the Parties shall try to resolve such dispute through mediation pursuant to Section 14.3, which mediation may be initiated by either Party at any time after the conclusion of such [***] period.

14.3 Mediation. Mediation shall be administered by JAMS or another independent mediator as may be mutually selected by the Parties. The mediation shall take place in [***]. The Parties shall use good faith efforts to resolve any disputes referred to mediation as expeditiously as practicable. If the Parties fail to resolve any such dispute through mediation within [***] after the initiation thereof, the dispute shall be resolved by binding arbitration pursuant to Section 14.4.

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14.4 Binding Arbitration. Disputes not resolved by mediation pursuant to Section 14.3 shall be resolved through binding arbitration administered by JAMS, which arbitration may be initiated by either Party at any time after the conclusion of such period, on the following basis:

(a) The place of arbitration shall be [***].

(b) The arbitration shall be conducted by [***] arbitrators with not less than [***] of relevant experience in the subject matter of the dispute, one selected by each of the Parties and the third mutually agreed upon by the respective individuals selected by the Parties.

(c) The arbitration shall be made in accordance with the Comprehensive Arbitration Rules and Procedures of JAMS then in effect.

(d) The award shall be made in writing, shall be binding on the Parties and may be entered as a judgment by any court or forum having jurisdiction.

(e) Either Party may apply to the arbitrators for interim injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Further, either Party also may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any injunctive or provisional relief necessary to protect the rights or property of such Party pending the arbitration award.

(f) The arbitrators shall have no authority to award punitive or any other type of damages not measured by a Party's compensatory damages, except as provided in Section 11.4.

(g) Each Party shall [***] of arbitration.

(h) Except to the extent necessary to confirm an award, as may be required by Law or as may be required to be disclosed to a Party's auditors, neither Party nor any arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both Parties.

(i) In no event shall an arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the dispute, controversy or claim would be barred by the applicable statute of limitations.

14.5 Patent and Trademark Dispute Resolution. Notwithstanding Sections 14.2, 14.3 and 14.4, any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any Patent covering the Manufacture, use or sale of any Licensed Product or of any trademark rights relating to any Licensed Product shall be submitted to a court of competent jurisdiction in the Territory in which such Patent or trademark rights were granted or arose.

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14.6 Injunctive Relief. Nothing herein may prevent either Party from seeking preliminary injunction or temporary restraint order in order to prevent any Confidential Information from being disclosed without appropriate authorization under this Agreement.

ARTICLE 15

MISCELLANEOUS

15.1 Entire Agreement; Amendment. This Agreement, including the Exhibits hereto, sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes, as of the Effective Date, all prior agreements and understandings between the Parties with respect to the subject matter hereof, including, without limitation, the CDAs (provided, however, that each Party shall remain subject to the [***]. There are no covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized officer of each Party.

15.2 Force Majeure. Both Parties shall be excused from the performance of their obligations under this Agreement to the extent that such performance is prevented by Force Majeure and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting Force Majeure continues and the nonperforming Party takes reasonable efforts to remove the condition. For purposes of this Agreement, **"Force Majeure"** shall mean conditions beyond the reasonable control of a Party, including without limitation, an act of God, war, civil commotion, terrorist act, labor strike or lock-out, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe, and failure of plant or machinery (provided that such failure could not have been prevented by the exercise of skill, diligence, and prudence that would be reasonably and ordinarily expected from a skilled and experienced person engaged in the same type of undertaking under the same or similar circumstances). Notwithstanding the foregoing, a Party shall not be excused from making payments owed hereunder because of a Force Majeure affecting such Party.

15.3 Notices. Any notice required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be addressed to the appropriate Party at the address specified below or such other address as may be specified by such Party in writing in accordance with this Section 15.3, and shall be deemed to have been given for all purposes (a) when received, if hand-delivered or sent by a reputable international courier service, or (b) five (5) Business Days after mailing, if mailed by first class certified or registered airmail, postage prepaid, return receipt requested.

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If to SGI: Seattle Genetics, Inc.
21823 30th Drive SE
Bothell, WA 98021
Attn: Chief Executive Officer
cc: General Counsel

If to MPI: Millennium Pharmaceuticals, Inc.
40 Landsdowne Street
Cambridge, MA 02139
Attn: Chief Medical Officer
and EVP-Commercial
cc: General Counsel

15.4 No Strict Construction; Headings; Interpretation. This Agreement has been prepared jointly and shall not be strictly construed against either Party. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision. The headings of each Article and Section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular Article or Section. In construing this Agreement, unless expressly specified otherwise, (a) references to Sections and Exhibits are to sections of, and exhibits to, this Agreement; (b) except where the context otherwise requires, use of either gender includes the other gender, and use of the singular includes the plural and vice versa; (c) any list or examples following the word "including" or "include" shall be interpreted without limitation to the generality of the preceding words; and (d) except where the context otherwise requires, the word "or" is used in the inclusive sense.

15.5 Assignment.

(a) Neither Party may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other, except that a Party may make such an assignment without the other Party's consent to (1) an Affiliate(s) of the assigning Party, or (2) a successor to substantially all of the business of such Party to which this Agreement relates, whether in a merger, sale of stock, sale of assets or other transaction. Notwithstanding the foregoing, (i) in no event shall either Party assign this Agreement to a Third Party [***], (ii) in no event shall either Party assign the Licensed Technology or MPI Collaboration Technology (as applicable) to any Affiliate or Third Party [***], and (iii) in no event shall either Party assign [***]; provided, however, that, for the sake of clarity, the provisions of clauses (i) through (iii) shall not apply to a Party's assignment of only its right to receive payments under this Agreement.

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(b) Any successor to or permitted assignee of rights and/or obligations hereunder shall, in writing to the other Party, expressly assume performance of such rights and/or obligations.

(c) The Licensed Technology, in the case of SGI as assignor or transferor, or the MPI Technology, in the case of MPI as assignor or transferor, shall exclude any intellectual property which the permitted assignee or transferee which was a Third Party immediately prior to such assignment owned or otherwise controlled prior to the effective date of such assignment or transfer of this Agreement to such assignee or transferee which was not developed in connection with the Licensed Product.

(d) This Agreement shall be binding on the successors to or any permitted assignee of the assigning Party. Any assignment or attempted assignment by either Party in violation of the terms of this Section 15.5 shall be null, void and of no legal effect.

15.6 [***]**.**

(a) MPI agrees that upon the Effective Date and for a period lasting until the earlier of the [***] of the Effective Date or the expiration or termination of this Agreement, [***]:

(i) [***];

(ii) [***];

(iii) [***];

(iv) [***];

(v) [***]; or

(vi) [***].

(b) Nothing in this Section 15.6 shall [***].

(c) The prohibitions set forth in the foregoing Section 15.6(a) ([***]) shall not apply to (i) [***]; or (ii) [***], or (iii) [***].

(d) [***].

(e) For purposes of this Agreement, a [***]:

(i) [***];

(ii) [***];

(iii) [***]; or

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(iv) [***].

15.7 Change of Control.

(a) Upon a Change of Control of a Party (the "**Acquired Party**") (including, for the sake of clarity, such Party's assignment of this Agreement pursuant to Section 15.5(a)(1)), (a) the Acquired Party shall maintain the same level of diligence in performing its obligation under the Global Product Development Plan after the Change of Control as had been applied prior to the Change of Control, unless otherwise agreed by the Parties; and (b), [***]. Any option pursuant to clauses (b)(i) or (b)(ii), if applicable, must be exercised by such other Party by written notice to the Acquired Party no later than [***]. Any option pursuant to clause b(iii), if applicable, must be exercised by such other Party by written notice to the Acquired Party no later than [***].

(b) Until the earliest of the [***] of the Effective Date, the expiration or termination of this Agreement or MPI's receipt of written notice from SGI that [***], SGI shall notify MPI [***]. [***]. Notwithstanding anything to the contrary in this Section 15.7(b) above, SGI's notice under this Section 15.7(b) shall only be required to include [***]. [***].

15.1 Performance by Affiliates. Each Party may discharge any obligations and exercise any right hereunder through any of its Affiliates. Each Party hereby guarantees the performance by its Affiliates of such Party's obligations under this Agreement, and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. Any breach by a Party's Affiliate of any of such Party's obligations under this Agreement shall be deemed a breach by such Party, and the other Party may proceed directly against such Party without any obligation to first proceed against such Party's Affiliate.

15.2 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

15.3 Severability. If any one or more of the provisions of this Agreement is held to be invalid or unenforceable by any court of competent jurisdiction from which no appeal can be or is taken or by the arbitrators pursuant to an arbitration provided hereunder, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

15.4 No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, except with respect to an express written and signed waiver relating to a particular matter for a particular period of time.

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15.5 Independent Contractors. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give either Party the power or authority to act for, bind, or commit the other Party in any way. Nothing herein shall be construed to create the relationship of partners, principal and agent, or joint-venture partners between the Parties.

15.6 English Language; Governing Law. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement. This Agreement and all disputes arising out of or related to this Agreement or any breach hereof shall be governed by and construed under the laws of the State of New York, without giving effect to any choice of law principles that would require the application of the laws of a different jurisdiction.

15.7 Counterparts. This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the Parties have executed this Agreement in duplicate originals by their duly authorized officers to be effective as of the Effective Date.

MILLENNIUM PHARMACEUTICALS, INC.

By: /s/ Deborah Dunsire

Name: Deborah Dunsire

Title: President and CEO

SEATTLE GENETICS, INC.

By: /s/ Clay B. Siegall

Name: Clay B. Siegall

Title: President and CEO

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EXHIBIT A

SGI PATENT RIGHTS

[***]

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EXHIBIT B

PRESS RELEASE

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For release: Tuesday, December 15, 2009
12:00 a.m. Pacific Time

SEATTLE GENETICS AND MILLENNIUM: THE TAKEDA ONCOLOGY COMPANY ANNOUNCE STRATEGIC COLLABORATION FOR NOVEL LATE STAGE LYMPHOMA PROGRAM BRENTUXIMAB VEDOTIN (SGN-35)

--Seattle Genetics to receive $60 million upfront payment and retain full commercialization rights to brentuximab vedotin in US and Canada; Takeda Group to commercialize in the rest of the world--

--Seattle Genetics to host conference call December 15, 2009 at 8:30 a.m. Eastern Time--

BOTHELL, Wash., CAMBRIDGE, Mass., and OSAKA, Japan, December 15, 2009 – Seattle Genetics, Inc.(Nasdaq: SGEN) and Millennium: The Takeda Oncology Company with its parent company Takeda Pharmaceutical Company Limited (TSE: 4502) today jointly announced that Seattle Genetics and Millennium have entered into an agreement to globally develop and commercialize brentuximab vedotin (SGN-35). Brentuximab vedotin is an antibody-drug conjugate (ADC) targeting CD30 that is in late-stage clinical trials for the treatment of relapsed and refractory Hodgkin lymphoma (HL) and systemic anaplastic large cell lymphoma (ALCL).

Data from a pivotal phase II trial of brentuximab vedotin in relapsed or refractory HL, which is fully enrolled, are expected in the second half of 2010. The trial is being conducted under a special protocol assessment with the U.S. Food and Drug Administration (FDA) and is designed to provide the basis for regulatory submissions in the United States and Europe in 2011.

Under the collaboration, Seattle Genetics will receive an upfront payment of $60 million and retains full commercialization rights for brentuximab vedotin in the United States and Canada. The Takeda Group will have exclusive rights to commercialize the product candidate in all countries other than the United States and Canada. Seattle Genetics is entitled to receive progress- and sales-dependent milestone payments in addition to tiered double-digit royalties based on net sales of brentuximab vedotin within the Takeda Group's licensed territories. Milestone payments to Seattle Genetics could total more than $230 million. Seattle Genetics and

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the Takeda Group will jointly fund worldwide development costs on a 50:50 basis. Development funding by the Takeda Group over the first three years of the collaboration is expected to be at least $75 million. In Japan, the Takeda Group will be solely responsible for development costs.

“This collaboration aligns with our goal of rapidly bringing brentuximab vedotin to patients worldwide. Takeda is an ideal collaborator given its global presence, demonstrated commitment to oncology, and experience in the sales and marketing of first-in-class, targeted therapies for unmet medical needs,” said Clay B. Siegall, Ph.D., President and Chief Executive Officer, Seattle Genetics. “Our retention of full commercial rights in the U.S. and Canada along with the financial terms from this agreement gives us a strong basis to begin building a commercial infrastructure for the planned launch of brentuximab vedotin. We expect to utilize this infrastructure in the future for other product candidates in our pipeline.

“The addition of the late-stage product candidate brentuximab vedotin to our oncology development pipeline supports our mission to develop innovative new medicines where there is a high unmet need for patients,” said Deborah Dunsire, M.D., President and CEO, Millennium. “This collaboration closely aligns with our growth strategy, which includes both internal and external opportunities. We are very excited to bring forward a novel medicine which will help us increase our reach in oncology throughout Europe and the rest of the world.”

ADCs are monoclonal antibodies that carry potent, cell-killing drugs targeted precisely to tumor cells. Seattle Genetics has developed proprietary technology employing synthetic, highly potent drugs that can be attached to antibodies through stable linker systems. The linkers are designed to be stable in the bloodstream and release the drugs under specific conditions once inside targeted cells. This approach is intended to spare non-targeted cells and thus reduce many of the toxic side effects of traditional chemotherapy. Earlier this year, Millennium obtained an exclusive license to Seattle Genetics’ ADC technology for an antigen expressed on solid tumors, as well as options for two other licenses.

About Brentuximab Vedotin

Brentuximab vedotin is an ADC targeting CD30 utilizing Seattle Genetics’ proprietary technology. Brentuximab vedotin is currently being investigated in patients with relapsed or refractory HL or systemic ALCL. Brentuximab vedotin has received orphan drug designation from the FDA and the European Medicines Agency for both HL and ALCL and has received Fast Track designation by the FDA for HL. In two separate phase I clinical trials, brentuximab vedotin achieved objective responses in greater than 50 percent of patients treated at higher dose levels, including greater than 30 percent with complete remissions. Brentuximab vedotin was generally well tolerated. The majority of adverse events were Grade 1 and 2, with the most clinically important events being fatigue, fever, peripheral neuropathy, diarrhea, nausea and neutropenia.

Conference Call Details

Seattle Genetics’ management will host a conference call and webcast to discuss the collaboration on December 15, 2009 at 5:30 a.m. Pacific Time (PT); 8:30 a.m. Eastern Time (ET). The live event will be available from Seattle Genetics’ website at

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www.seattlegenetics.com, under the Investors and News section, or by calling (877) 941-8632 (domestic) or (480) 629-9821 (international). The access code is 4193888. A replay of the discussion will be available beginning at approximately 7:30 a.m. PT on December 15, 2009 from Seattle Genetics' website or by calling (800) 406-7325 (domestic) or (303) 590-3030 (international), using access code 4193888. The telephone replay will be available until approximately 8:00 a.m. PT on December 17, 2009.

About Seattle Genetics
Seattle Genetics is a clinical stage biotechnology company focused on the development and commercialization of monoclonal antibody-based therapies for the treatment of cancer and autoimmune disease. The company's lead product candidate, brentuximab vedotin, is in a pivotal trial under a special protocol assessment with the FDA. In addition, Seattle Genetics has four other product candidates in ongoing clinical trials: lintuzumab (SGN-33), dacetuzumab (SGN-40), SGN-70 and SGN-75. Seattle Genetics has collaborations for its ADC technology with a number of leading biotechnology and pharmaceutical companies, including Genentech, Bayer, CuraGen, a subsidiary of Celldex Therapeutics, Progenics, Daiichi Sankyo, MedImmune, a subsidiary of AstraZeneca, and Millennium: The Takeda Oncology Company, as well as an ADC co-development agreement with Agensys, an affiliate of Astellas. More information can be found at www.seattlegenetics.com.

About Takeda Pharmaceutical Company Limited
Located in Osaka, Japan, Takeda is a research-based global company with its main focus on pharmaceuticals. As the largest pharmaceutical company in Japan and one of the global leaders of the industry, Takeda is committed to striving toward better health for individuals and progress in medicine by developing superior pharmaceutical products. Additional information about Takeda is available through its corporate website, www.takeda.com

About Millennium
Millennium: The Takeda Oncology Company, a leading biopharmaceutical company based in Cambridge, Mass., markets a first-in-class proteasome inhibitor, and has a robust clinical development pipeline of product candidates. Millennium Pharmaceuticals, Inc. was acquired by Takeda Pharmaceutical Company Ltd. in May, 2008. The Company's research, development and commercialization activities are focused in oncology. Additional information about Millennium is available through its website, www.millennium.com

Forward-Looking Statements
Certain of the statements made in this press release are forward looking, such as those, among others, relating to the therapeutic potential and future clinical progress, regulatory approval and commercial launch of products utilizing Seattle Genetics' ADC technology, including brentuximab vedotin. Actual results or developments may differ materially from those projected or implied in these forward-looking statements, including the milestones or royalties to be received by Seattle Genetics as a result of this collaboration. Factors that may cause such a difference include risks related to adverse clinical results as our

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brentuximab vedotin or our collaborators' product candidates move into and advance in clinical trials, risks inherent in the regulatory approval process for pharmaceutical products and the risk that Seattle Genetics is not able to maintain the collaboration with the Takeda Group. More information about the risks and uncertainties faced by Seattle Genetics is contained in the Company's Form 10-Q for the quarter ended September 30, 2009 filed with the Securities and Exchange Commission. Seattle Genetics disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# # #

Editors' Note: This press release is also available under the Media section of Millennium's website at www.millennium.com, and under the Investors and News section of Seattle Genetics' website at www.seattlegenetics.com.

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EXHIBIT C

[***]

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EXHIBIT D

LICENSED PRODUCT

SGN-35 as described in the USAN published "Statement on a Nonproprietary Name Adopted by the USAN Council" for Brentuximab Vedotin and related information in the USAN application for Brentuximab Vedotin

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EXHIBIT E

[***]

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material and (ii) would be competitively harmful if publicly disclosed.
[*] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

Exhibit 10.29

ELEVENTH AMENDMENT
TO DEVELOPMENT AND SUPPLY AGREEMENT

Effective as of the date of the last signature below, AbbVie Inc. (the successor-in-interest to Abbott Laboratories), a Delaware corporation having a principal place of business at 1 N Waukegan Road, North Chicago, IL 60064 ("***AbbVie***"), and Seattle Genetics, Inc., a Delaware corporation having a principal place of business at 21823 – 30th Drive Southeast in Bothell, Washington 98021 ("***Seattle Genetics***") (individually the "***Party***" or collectively the "***Parties***") agree to the following terms and conditions as set forth below (this "***Eleventh Amendment***"). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Agreement (as defined below).

WHEREAS, the Parties entered into a Development and Supply Agreement with an Effective Date of February 23, 2004 for the manufacture of a chimeric anti-CD30 AC10 monoclonal antibody known as cAC10 Bulk Drug Intermediate (the "***Original Agreement***"), which also constitutes the antibody component of SGN-35, and the Parties subsequently entered into ten amendments to the Original Agreement (collectively, the Original Agreement and those ten amendments are hereinafter referred to as the "***Agreement***"); and

WHEREAS, the Parties desire to further amend the Agreement as herein provided as of the date of the last signature below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained here and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Incorporation of the Agreement. All capitalized terms which are used but not otherwise defined herein shall have the same meanings as set forth in the Agreement, and the Agreement, to the extent not inconsistent with this Eleventh Amendment, is incorporated herein by this reference as though the same was set forth in its entirety. To the extent any terms and provisions of the Agreement are inconsistent with this Eleventh Amendment, such terms and provisions shall be deemed superseded by the Eleventh Amendment. Except as specifically set forth herein, the Agreement shall remain in full force and effect and its provisions shall be binding on the Parties.

2. Process Development Work: Stages 14a and 15. The Parties agree that the Project shall be amended to incorporate the additional Stages (Stages 14a and 15) to be performed by AbbVie set forth in Attachment 1 hereto.

3. Updated Payment Schedule. As compensation for completing additional Stages 14a and 15 of the Project and for the remaining compensation due to AbbVie pursuant to Stage 14 of the Project that was the subject of the Ninth Amendment to the Agreement, Seattle Genetics shall pay to AbbVie on the dates and in the amounts set forth in Attachment 2 hereto entitled "Updated Summarized Payment Schedule (Amendments 9 & 11)".

4. Project References. All references to the Project set forth in the Agreement shall also be deemed to apply to the additional Stages performed by AbbVie pursuant to this Eleventh Amendment.

5. Effectuation. The amendment to the Agreement contemplated by this Eleventh Amendment shall be deemed effective as of the last date written below upon the full execution of this Eleventh Amendment and without any further action required by the Parties hereto. There are no conditions precedent or subsequent to the effectiveness of this Eleventh Amendment. All terms and conditions set forth in the Agreement that are not amended hereby shall remain in full force and effect. Any term of this Eleventh Amendment may be amended with the written consent of both Parties. From the date hereof, any reference to the Agreement shall be deemed to refer to the Agreement as amended by this Eleventh Amendment.

6. Counterparts. This Eleventh Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. One or more counterparts of this Eleventh Amendment may be delivered by email, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

7. Entire Agreement. This Eleventh Amendment is the product of both Parties, and together with the Agreement and exhibits thereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof, and merge all prior negotiations and drafts of the Parties with regard to the transactions contemplated herein.

IN WITNESS WHEREOF, the Parties have caused this Eleventh Amendment to be executed by their duly authorized officers as of the date of the last signature set forth below.

ABBVIE INC.	**SEATTLE GENETICS, INC.**
By: /s/ Jennifer Cannon	By: /s/ Vaughn Himes
Name: Jennifer Cannon	Name: Vaughn Himes
Title: VP, Operations Commercial Development	Title: EVP
Date: 7/12/2018	Date: 7/2/2018

CONFIDENTIAL
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ATTACHMENT 1 to ELEVENTH AMENDMENT

STAGE 14a: STABILITY TESTING

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STAGE 15: POST PRODUCTION CELL BANK

[*]

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ATTACHMENT 2 to ELEVENTH AMENDMENT

UPDATED SUMMARIZED PAYMENT SCHEDULE (AMENDMENTS 9 and 11)

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Exhibit 10.80

SEATTLE GENETICS, INC.

AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (the "***Agreement***") dated **%%OPTION_DATE,'MM/DD/YYYY'%-%** ("***Grant Date***") between Seattle Genetics, Inc., a Delaware corporation (the "***Company***"), and **%%FIRST_NAME**%-% **%%MIDDLE_NAME**%-% **%%LAST_NAME**%-% ("***Optionee***"), is entered into as follows:

WITNESSETH:

WHEREAS, the Company has established the Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company or its delegates (the "***Committee***") has determined that Optionee shall be granted an option under the Plan as hereinafter set forth;

The parties hereby agree that the Company grants, effective as of the Grant Date, Optionee an Incentive Stock Option (this "***Option***") to purchase **%%TOTAL_SHARES_GRANTED,'999,999,999'%-%** shares of its $0.001 par value Common Stock (the "***Shares***") upon the terms and conditions set forth in this Agreement.

1. **Plan Award.** This Option is granted under and pursuant to the Plan and is subject to each and all of the provisions thereof. If this Option is designated as an Incentive Stock Option, it is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and to the extent this Option does not qualify as an Incentive Stock Option under Applicable Laws, then it is intended to be and will be treated as a Nonstatutory Stock Option. Notwithstanding the above, in the event that the Shares subject to this Option (and all other Incentive Stock Options granted to Optionee by the Company or any Subsidiary, including under other plans of the Company or any Subsidiary) that first become exercisable in any calendar year have an aggregate fair market value (determined for each Share as of the date of grant of the option covering such Share) in excess of $100,000, this Option shall be treated as a Nonstatutory Stock Option, in accordance with Section 9(b) of the Plan.

2. **Exercise Price.** The exercise price applicable to this Option (meaning, the price Optionee must pay in order to purchase any Shares hereunder) shall be **%%OPTION_PRICE,'$999,999,999.99'%-%** per Share.

3. **Vesting and Exercise of Option.** Subject to Optionee's not experiencing a Termination of Employment during the following vesting period, Optionee shall vest in and earn the right to exercise this Option as follows: One-fourth (1/4th) of the total number of Shares subject to the Option shall vest on the first anniversary of the earlier of the Grant Date or the Vesting Commencement Date, if any, and one thirty-sixth (1/36th) of the remaining Shares subject to the Option shall vest each month thereafter until all Shares are fully vested. This Option may be exercised in whole or in part.

Notwithstanding the foregoing or anything in this Agreement to the contrary, in the event of Optionee's Termination of Employment as a result of Optionee's death or Disability, the vesting and exercisability of this Option shall accelerate such that this Option shall become vested and exercisable as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that this Option is outstanding on such date.

4. **Expiration.** This Option will expire ten (10) years from the Grant Date, unless sooner terminated or canceled in accordance with the provisions of the Plan. This means that (subject to the continuing service requirement set forth in Section 3 above and subject to earlier termination upon certain other events as set forth in the Plan) this Option must be exercised, if at all, on or before **%%EXPIRE_DATE_PERIOD1,'MM/DD/YYYY'%-%** (the "Expiration Date"). If this Option expires on a stock exchange holiday or weekend day, this Option will expire on the last trading day ***prior*** to the holiday or weekend. Optionee shall be solely responsible for exercising this Option, if at all, prior to its Expiration Date. The Company shall have no obligation to notify Optionee of this Option's expiration.

5. **Exercise Mechanics.** This Option may be exercised by delivering to the Stock Plan Administrator at the Company's head office a written or electronic notice stating the number of Shares as to which the Option is exercised or by any other method the Committee has approved. The notice must be accompanied by the payment of the full Option exercise price of such Shares. Exercise shall not be deemed to have occurred unless and until Optionee has delivered to the Company (or its authorized representative) an approved notice of exercise, full payment of the exercise price for the Shares being exercised and payment of any applicable withholding taxes in accordance with Section 8 below. Payment of the Option exercise price may be in cash (including check or wire transfer); through an approved cashless-brokered exercise program, with shares of the Company's Common Stock (subject to the Company's discretion to withhold approval for such payment method at any time); to the extent this Option is a Nonstatutory Stock Option, through a cashless "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares having an aggregate fair market value that does not exceed the aggregate exercise price, provided the Company shall accept a cash or other payment from Optionee to the extent of any remaining balance of the exercise price not satisfied by such reduction in the number of whole Shares to be issued; or a combination thereof to the extent permissible under Applicable Law; *provided, however*, that any permitted method of payment shall be in strict compliance with all procedural rules established by the Committee.

6. **Termination of Employment.** All rights of Optionee in this Option, to the extent that it has not previously become vested and been exercised, shall terminate upon Optionee's Termination of Employment except as set forth in this Section 6. The portion of the Option that relates to any Shares that were unvested and unexercisable as of the date of Optionee's Termination of Employment shall terminate and expire effective immediately upon such date. With respect to the vested and exercisable portion of the Option, and subject to the final sentence of this Section 6:

(i) In the event of Termination of Employment other than as a result of Optionee's death, Disability or Retirement (as defined below), Optionee shall have three months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment; *provided, however*, that (A) if during any part of such three month period, the Option is not exercisable because the issuance of the Shares would violate the registration requirements under the Securities Act, the Option shall not expire until the Option shall have been exercisable for an aggregate of three months after the date of Termination of Employment (but in no event may the Option be exercised more than one year after the date of Termination of Employment), and (B) if during any part of such three month period, the Shares issued upon exercise of the Option may not be sold because Optionee has material nonpublic information regarding the Company or is otherwise subject to a trading blackout period under the Company's Insider Trading Policy, the Option shall not expire until Optionee shall have had an aggregate of three months after the date of Termination of Employment during which Optionee can sell the Shares without being subject to such restrictions arising under insider trading laws or Company policy (but in no event may the Option be exercised more than one year after the date of Termination of Employment);

(ii) In the event of Termination of Employment as a result of Optionee's Disability, Optionee shall have 12 months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment;

(iii) In the event of Termination of Employment as a result of Optionee's death or in the event of Optionee's death within 30 days following Optionee's Termination of Employment, Optionee's estate, any person who acquired the right to exercise the Option by bequest or inheritance, or any person designated to exercise the Option upon Optionee's death shall have 12 months following Optionee's death to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Optionee's death; and

(iv) In the event of Termination of Employment as a result of Optionee's Retirement (as defined below), Optionee shall have 12 months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment; *provided, however*, that if Optionee exercises the Option more than three months after the termination of his or her employment relationship (within the meaning of Section 424(f) of the Code), the Option may not qualify as an "incentive stock option" under Section 422 of the Code.

Notwithstanding the above, in no event may an Option be exercised, even as to vested and otherwise exercisable Shares, after the Expiration Date set forth in Section 4 above.

"***Retirement***" means Optionee's voluntary Termination of Employment, other than as a result of Optionee's death, Disability or Termination of Employment for Cause, after the attainment of age 55, provided that Optionee has been an Employee for at least ten years and the combination of Optionee's age and his or her length of service as an Employee together is equal to at least 65. For clarity, (1) if Optionee has a Termination of Employment at age 55 and has been an

Employee for less than 10 years, such Termination of Employment will not constitute Retirement and (2) if Optionee has a Termination of Employment at age 65 and has been an Employee for less than ten years, such Termination of Employment will not constitute Retirement.

7. **Transferability.** This Option is not transferable by Optionee otherwise than by will or the laws of descent and distribution, and is exercisable only by Optionee during Optionee's lifetime.

8. **Tax Matters.** Regardless of any action the Company or Optionee's employer (the "***Employer***") takes with respect to any or all income tax, social security, payroll tax, payment on account or other tax-related withholding ("***Tax-Related Items***"), Optionee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by him or her is and remains Optionee's responsibility and that the Company and/or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and receipt of any dividends; and (ii) do not commit to structure the terms or the grant or any aspect of this Option to reduce or eliminate Optionee's liability for Tax-Related Items. Prior to the exercise of this Option, Optionee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by Optionee from Optionee's wages or other cash compensation paid to Optionee by the Company and/or the Employer or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under Applicable Laws, the Company may (but shall not be obligated to): (1) sell or arrange for the sale of Shares that Optionee acquires to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in Shares to meet the withholding obligation for Tax-Related Items, provided that the Company only withholds the amount of Shares necessary to satisfy the minimum withholding amount (or such other amount as may be permitted while still avoiding classification of this Option as a liability for financial accounting purposes). In addition, Optionee shall pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of Optionee's participation in the Plan or Optionee's purchase of Shares that cannot be satisfied by the means previously described, and if Optionee does not otherwise so pay the Company or the Employer, then the Company or the Employer may withhold amounts from Optionee's cash compensation to satisfy such withholding obligation. The Company may refuse to honor the exercise and refuse to deliver the Shares if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items (including if Optionee's cash compensation is not sufficient to satisfy such obligations). Although Optionee is being provided in the Plan prospectus a description of certain tax consequences of transactions related to the Option, Optionee remains responsible for all such tax consequences and the Company shall not be deemed to provide any individual tax advice with respect thereto.

9. **Optionee Acknowledgements.** By accepting the grant of this Option, Optionee acknowledges and agrees that the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time unless otherwise provided in the Plan or this Agreement. Optionee acknowledges

that all decisions with respect to future grants, if any, will be at the sole discretion of the Company. Optionee's participation in the Plan shall not create a right to further employment with Employer and shall not interfere with the ability of Employer to terminate Optionee's employment relationship at any time with or without cause and it is expressly agreed and understood that employment is terminable at the will of either party, insofar as permitted by law. Optionee agrees that this Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer prior to the Grant Date, and is outside the scope of Optionee's employment contract, if any. This Option is not part of normal or expected compensation or salary for any purposes, including, but not limited to calculating any severance, resignation, termination, redundancy, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law. In the event that Optionee is not an employee of the Company, this Option grant will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Subsidiary or Affiliate of the Company. Optionee acknowledges that the future value of the underlying Shares is unknown, may increase or decrease in the future, and cannot be predicted with certainty. In consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination of this Option or diminution in value of this Option or Shares purchased through exercise of this Option resulting from Optionee's Termination of Employment by the Company or the Employer (for any reason whatsoever and whether or not in breach of Applicable Laws).

10. **Data Transfer.** Optionee explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Optionee's personal data as described in this document by and among, as applicable, the Employer, and the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan. Optionee understands that the Company, its Affiliates, its Subsidiaries and the Employer hold certain personal information about Optionee, including, but not limited to, name, home address and telephone number, date of birth, social security number (or other identification number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all options or any other entitlement to shares of stock awarded, canceled, purchased, exercised, vested, unvested or outstanding in Optionee's favor for the purpose of implementing, managing and administering the Plan ("***Data***"). Optionee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan. Optionee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing Optionee's participation in the Plan, including any requisite transfer of such Data, as may be required to a broker or other third party with whom Optionee may elect to deposit any Shares acquired upon the exercise of this Option.

11. **Clawback/Recoupment.** This Option will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of the Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between the Company and Optionee. No recovery of compensation under such a clawback policy will be an event giving rise to

Optionee's right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

12. **Copies of Plan Materials.** Optionee acknowledges that Optionee has received copies of the Plan and the Plan prospectus from the Company and agrees to receive stockholder information, including copies of any annual report, proxy statement and periodic report, from the Company's website at http://www.seattlegenetics.com/news/index.htm. Optionee acknowledges that copies of the Plan, Plan prospectus, Plan information and stockholder information are also available upon written or telephonic request to the Stock Plan Administrator.

13. **Entire Agreement; Plan Controls.** The Plan is incorporated herein by reference. The Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, with the exception of any arrangement that would provide for vesting acceleration of this Option upon the terms and conditions set forth therein. Except as otherwise provided in the Plan, this Agreement may not be modified adversely to Optionee's interest except by means of a writing signed by the Company and Optionee. This Agreement is governed by the laws of the state of Delaware. In the event of any conflict between the terms and provisions of the Plan and this Agreement, the Plan terms and provisions shall govern. Capitalized terms used but not defined in this Agreement have the meanings assigned to them in the Plan. Certain other important terms governing this Agreement are contained in the Plan.

Optionee's electronic acceptance shall signify Optionee's execution of this Agreement and understanding that this Option is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

EXHIBIT 10.81

SEATTLE GENETICS, INC.

AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT FOR NON-US PARTICIPANTS

THIS STOCK OPTION AGREEMENT (the "***Agreement***") dated **%%OPTION_DATE,'MM/DD/YYYY'%-%** ("***Grant Date***") between Seattle Genetics, Inc., a Delaware corporation (the "***Company***"), and **%%FIRST_NAME**%-% **%%MIDDLE_NAME**%-% **%%LAST_NAME**%-% ("***Optionee***"), is entered into as follows:

WITNESSETH:

WHEREAS, the Company has established the Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company or its delegates (the "***Committee***") has determined that Optionee shall be granted an option under the Plan as hereinafter set forth;

The parties hereby agree that the Company grants, effective as of the Grant Date, Optionee a Nonstatutory Stock Option (this "***Option***") to purchase **%%TOTAL_SHARES_GRANTED,'999,999,999'%-%** shares of its $0.001 par value Common Stock (the "***Shares***") upon the terms and conditions set forth in this Agreement (including any special terms and conditions for Optionee's country set forth in the attached appendix (the "***Appendix***")).

1. **Plan Award.** This Option is granted under and pursuant to the Plan and is subject to each and all of the provisions thereof.

2. **Exercise Price.** The exercise price applicable to this Option (meaning, the price Optionee must pay in order to purchase any Shares hereunder) shall be **%%OPTION_PRICE,'$999,999,999.99'%-%** per Share.

3. **Vesting and Exercise of Option.** Subject to Optionee's not experiencing a Termination of Employment during the following vesting period, Optionee shall vest in and earn the right to exercise this Option as follows: One-fourth (1/4th) of the total number of Shares subject to the Option shall vest on the first anniversary of the earlier of the Grant Date or the Vesting Commencement Date, if any, and one thirty-sixth (1/36th) of the remaining Shares subject to the Option shall vest each month thereafter until all Shares are fully vested. By accepting the grant of this Option, Optionee acknowledges and agrees that the terms set forth in this Section 3 supersede any contrary terms regarding the vesting of this Option set forth in any notice or other communication that Optionee receives from, or that is displayed by, E*TRADE or other third party designated by the Company. This Option may be exercised in whole or in part.

Notwithstanding the foregoing or anything in this Agreement to the contrary, in the event of Optionee's Termination of Employment as a result of Optionee's death or Disability, the vesting and exercisability of this Option shall accelerate such that this Option shall become vested and

exercisable as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that this Option is outstanding on such date.

4. **Expiration.** This Option will expire ten (10) years from the Grant Date, unless sooner terminated or canceled in accordance with the provisions of the Plan. This means that (subject to the continuing service requirement set forth in Section 3 above and subject to earlier termination upon certain other events as set forth in the Plan) this Option must be exercised, if at all, on or before **%%EXPIRE_DATE_PERIOD1,'MM/DD/YYYY'%-%** (the "***Expiration Date***"). If this Option expires on a stock exchange holiday or weekend day, this Option will expire on the last trading day ***prior*** to the holiday or weekend. Optionee shall be solely responsible for exercising this Option, if at all, prior to its Expiration Date. The Company shall have no obligation to notify Optionee of this Option's expiration.

5. **Exercise Mechanics.** This Option may be exercised by delivering to the Stock Plan Administrator at the Company's head office a written or electronic notice stating the number of Shares as to which the Option is exercised or by any other method the Committee has approved. The notice must be accompanied by the payment of the full Option exercise price of such Shares. Exercise shall not be deemed to have occurred unless and until Optionee has delivered to the Company (or its authorized representative) an approved notice of exercise, full payment of the exercise price for the Shares being exercised and payment of any applicable withholding taxes in accordance with Section 8 below. Payment of the Option exercise price may be in cash (including check or wire transfer); through an approved cashless-brokered exercise program, with shares of the Company's Common Stock (subject to the Company's discretion to withhold approval for such payment method at any time); cashless "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares having an aggregate fair market value that does not exceed the aggregate exercise price, provided the Company shall accept a cash or other payment from Optionee to the extent of any remaining balance of the exercise price not satisfied by such reduction in the number of whole Shares to be issued or a combination thereof to the extent permissible under Applicable Law; provided, however, that any permitted method of payment shall be in strict compliance with all procedural rules established by the Committee.

6. **Termination of Employment.** All rights of Optionee in this Option, to the extent that it has not previously become vested and been exercised, shall terminate upon Optionee's Termination of Employment except as set forth in Section 3 and this Section 6. The portion of the Option that relates to any Shares that were unvested and unexercisable as of the date of Optionee's Termination of Employment shall terminate and expire effective immediately upon such date. With respect to the vested and exercisable portion of the Option, such portion shall be exercisable as set forth under this Section 6 below; provided, however, that in no event may an Option be exercised, even as to vested and otherwise exercisable Shares, after the Expiration Date set forth in Section 4 above.

(i) In the event of Termination of Employment other than as a result of Optionee's death, Disability or Retirement (as defined below), Optionee shall have three months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment; provided, *however,* that (A)

if during any part of such three month period, the Option is not exercisable because the issuance of the Shares would violate the registration requirements under the Securities Act (or other applicable securities laws in the case of Optionees not subject to U.S. securities laws), the Option shall not expire until the Option shall have been exercisable for an aggregate of three months after the date of Termination of Employment (but in no event may the Option be exercised more than one year after the date of Termination of Employment), and (B) if during any part of such three month period, the Shares issued upon exercise of the Option may not be sold because Optionee has material nonpublic information regarding the Company or is otherwise subject to a trading blackout period under the Company's Insider Trading Policy, the Option shall not expire until Optionee shall have had an aggregate of three months after the date of Termination of Employment during which Optionee can sell the Shares without being subject to such restrictions arising under insider trading laws or Company policy (but in no event may the Option be exercised more than one year after the date of Termination of Employment);

(ii) In the event of Termination of Employment as a result of Optionee's Disability, Optionee shall have 12 months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment;

(iii) In the event of Termination of Employment as a result of Optionee's death or in the event of Optionee's death within 30 days following Optionee's Termination of Employment, Optionee's estate, any person who acquired the right to exercise the Option by bequest or inheritance, or any person designated to exercise the Option upon Optionee's death shall have 12 months following Optionee's death to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Optionee's death; and

(iv) In the event of Termination of Employment as a result of Optionee's Retirement (as defined below), Optionee shall have 12 months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment.

For purposes of the Option, Optionee will be considered to experience a Termination of Employment (regardless of the reason of termination, whether or not later found to be invalid or in breach of employment or other laws or rules in the jurisdiction where Optionee is providing services or the terms of Optionee's employment or service agreement, if any) effective as of the date that Optionee ceases to actively provide services to the Company or any Affiliate and will not be extended by any notice period (*e.g.*, employment or service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment or other laws in the jurisdiction where Optionee is employed or providing services or the terms of Optionee's employment or service agreement, if any). The Administrator shall have exclusive discretion to determine when Optionee is no longer actively employed or providing services for purposes of the Plan (including whether Optionee still may be considered to be providing services while on a leave of absence).

"***Retirement***" means Optionee's voluntary Termination of Employment, other than as a result of Optionee's death, Disability or Termination of Employment for Cause, after the attainment of age 55, provided that Optionee has been an Employee for at least ten years and the combination of Optionee's age and his or her length of service as an Employee together is equal to at least 65. For clarity, (1) if Optionee has a Termination of Employment at age 55 and has been an Employee for less than 10 years, such Termination of Employment will not constitute Retirement and (2) if Optionee has a Termination of Employment at age 65 and has been an Employee for less than ten years, such Termination of Employment will not constitute Retirement.

Notwithstanding anything to the contrary in the Agreement, if the Company receives a legal opinion that there has been a legal judgment and/or legal development in Optionee's jurisdiction that likely would result in the favorable treatment (i.e., 12 month exercise period from the date of Termination of Employment) that applies to the Option in the event of Optionee's Retirement being deemed unlawful and/or discriminatory, the provisions of the Agreement regarding the treatment of the Option in the event of Optionee's Retirement shall not be applicable to Optionee.

7. **Transferability.** This Option is not transferable by Optionee otherwise than by will or the laws of descent and distribution, and is exercisable only by Optionee during Optionee's lifetime.

8. **Tax Obligations.** By accepting this Option, Optionee acknowledges that, regardless of any action the Company or Optionee's employer (the "***Employer***") takes with respect to any or all income tax, social security, fringe benefit tax, payroll tax, payment on account or other tax-related items related to the Optionee's participation in the Plan and legally applicable to Optionee ("***Tax-Related Items***"), the ultimate liability for all Tax-Related Items is and remains Optionee's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Optionee further acknowledges that the Company and/or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including the grant, vesting or exercise of this Option, the subsequent sale of Shares acquired pursuant to such exercise and receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms or the grant or any aspect of this Option to reduce or eliminate Optionee's liability for Tax-Related Items. If Optionee fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time of the applicable taxable event, Optionee acknowledges and agrees that the Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares.

Prior to the relevant taxable or tax withholding event, as applicable, Optionee agrees to make adequate arrangements satisfactory to the Company or the Employer to satisfy all Tax-Related Items. In this regard, Optionee authorizes the Company and the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items, if any, by withholding from Optionee's wages or other cash compensation paid to Optionee by the Company and/or the Employer or from proceeds of the sale of Shares. Alternatively, or in addition, if permissible under Applicable Laws, the Company may (but shall not be obligated to): (1) sell or arrange for the sale of Shares that Optionee acquires to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in Shares to meet the withholding obligation for Tax-Related Items. In addition, Optionee shall pay the Company or the Employer any amount of Tax-Related

Items that the Company or the Employer may be required to withhold as a result of Optionee's participation in the Plan or Optionee's purchase of Shares that cannot be satisfied by the means previously described, and if Optionee does not otherwise so pay the Company or the Employer, then the Company or the Employer may withhold amounts from Optionee's cash compensation to satisfy such withholding obligation.

Further, depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable statutory rates or other applicable withholding rates, including the maximum rates applicable in Optionee's jurisdiction, in which case Optionee may receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares, for tax purposes, Optionee will be deemed to have been issued the full number of Shares subject to the Option, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items.

The Company may refuse to honor the exercise and refuse to deliver the Shares if Optionee fails to comply with Optionee's obligations in connection with the Tax-Related Items (including if Optionee's cash compensation is not sufficient to satisfy such obligations).

9. **No Advice Regarding Grant**. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding participation in the Plan, or Optionee's acquisition or sale of the underlying Shares. Optionee is hereby advised to consult with his or her own personal tax, financial and/or legal advisors regarding the consequences of accepting this Optionee and by accepting the Option, Option has agreed that Optionee has done so or knowingly and voluntarily declined to do so.

10. **Nature of Grant.** In accepting the Option, Optionee acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time to the extent permitted under the Plan;

(b) the Option grant is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Option grants (whether on the same or different terms), or benefits in lieu of an Option, even if an Option has been granted in the past;

(c) all decisions with respect to future Option grants or other grants, if any, will be at the sole discretion of the Company

(d) Optionee is voluntarily participating in the Plan;

(e) this Option and any Shares acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) Optionee's participation in the Plan shall not create a right to employment with Employer and shall not interfere with the ability of Employer to terminate Optionee's employment relationship;

(g) if the Shares subject to this Option do not increase in value, this Option will have no value;

(h) this Option is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer prior to the Grant Date, and is outside the scope of Optionee's employment contract, if any;

(i) this Option and the Shares subject to the Option, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, holiday pay, pension or retirement or welfare benefits or similar payments;

(j) this Option and the Shares subject to this Option, and the income from and value of same, shall not be included as compensation, earnings, salaries or other similar terms used when calculating Optionee's benefits under any benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's benefit plans;

(k) in the event that Optionee is not an employee of the Company, this Option grant will not be interpreted to form an employment contract or relationship with the Company, the Employer or any Subsidiary or Affiliate of the Company;

(l) the future value of the underlying Shares is unknown, may increase or decrease in the future, and cannot be predicted with certainty;

(m) in consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from termination of this Option or diminution in value of this Option or Shares purchased through exercise of this Option resulting from Optionee's Termination of Employment by the Company or the Employer (for any reason whatsoever and whether or not in breach of Applicable Laws);

(n) unless otherwise provided herein, in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company

nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares;

(o) unless otherwise agreed with the Company, the Option and the Shares subject to the Option, and the income from and value of same, are not granted as consideration for, or in connection with, the service Optionee may provide as a director of an Affiliate; and

(p) none of the Company, the Employer or any Subsidiary or Affiliate of the Company shall be liable for any foreign exchange rate fluctuations between Optionee's local currency and the United States Dollar that may affect the value of this Option or of any amounts due to Optionee pursuant to the exercise of this Option or the subsequent sale of the Shares acquired upon exercise.

11. ***Data Privacy. To participate in the Plan, Optionee will need to review the information provided in this Section and, where applicable, declare Optionee's consent to the processing of personal data by the Company and third parties noted below.***

(a) EEA+ Controller and Representative. If Optionee are based in the European Union ("EU"), the European Economic Area, Switzerland or, if and when the United Kingdom leaves the European Union, the United Kingdom (collectively "EEA+"), Optionee should note that the Company, with its registered address at 21823 30th Drive SE Bothell, Washington 98021, United States of America, is the controller responsible for the processing of Optionee's personal data in connection with the Agreement and the Plan. The Company's representative in the EU is Seagen Netherlands B.V., located at Evert van de Beekstraat 1, -140 1118CL Schiphol, Netherlands with office phone: +31 207 99 15 60.

(b) Data Collection and Usage. In connection with the administration of the Plan, the Company collects, processes, uses and transfers certain personally-identifiable information about Optionee, which may include Optionee's name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, details of all Options or any other entitlement to Shares awarded, canceled, exercised, settled, vested, unvested or outstanding in Optionee's favor and additional similar or related data, which the Company receives from Optionee's or the entity that employs Optionee ("Personal Data"). Specifically, the Company collects, processes and uses Personal Data for the purposes of performing its contractual obligations under this Agreement, implementing, administering and managing Optionee's participation in the Plan and facilitating compliance with applicable tax and securities law.

If Optionee is based in the EEA+, the legal basis, where required, for the processing of Personal Data by the Company is the necessity for the Company to (i) perform its contractual obligations under this Agreement, (ii) comply with legal obligations established in the EEA+, and/or (iii) pursue the legitimate interest of complying with legal obligations established outside of the EEA+.

If Optionee is based outside of the EEA+, the legal basis, where required, for the processing of Data by the Company is Optionee's consent, as further described below.

(c) Stock Plan Administration Service Providers. The Company transfers Personal Data to E*TRADE Corporate Financial Services, Inc., and E*TRADE Securities LLC (collectively, "E*TRADE"), an independent service provider which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider, which will act in a similar manner, and share Personal Data with such service provider. The Company's service provider will open an account for Optionee to receive and trade shares. The processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Plan.

(d) International Data Transfers. The Company and E*TRADE are based in the United States. The country where Optionee lives may have different data privacy laws and protections than the United States. In particular, the United States does not have the same level of protections for personal data as countries in the EEA+. The European Commission requires U.S. companies to protect personal data leaving the EEA+ by certifying compliance with the EU-U.S. privacy shield program or implementing other safeguards such as the Standard Contractual Clauses adopted by the EU Commission.

If Optionee is based in the EEA+, Personal Data will be transferred from the EEA+ to the Company and onward from the Company to E*TRADE, or if applicable, another service provider, based on the EU Standard Contractual Clauses. Optionee may request a copy of the Standard Contractual Clauses by contacting dataprotection@seagen.com.

If Optionee is based in a jurisdiction outside of the EEA+, Personal Data will be transferred from Optionee's jurisdiction to the Company and onward from the Company to E*TRADE, or if applicable, another service provider, based on Optionee's consent, as further described in (h) below.

(e) Data Retention. The Company will use Personal Data only as long as necessary to implement, administer and manage Optionee's participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs Personal Data for any of these purposes, the Company will remove it from its systems.

(f) ***Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and Optionee is providing the consents herein on a purely voluntary basis. Optionee may withdraw his or her consent at any time, with future effect and for any or no reason. If Optionee does not consent, or if Optionee later seeks to withdraw his or her consent, Optionee's salary from or employment or service relationship with Optionee's employer will not be affected. The only consequence of denying or withdrawing consent is that the Company would***

not be able to grant the Option to Optionee under the Plan or administer or maintain Optionee's participation in the Plan. If Optionee withdraws his or her consent, the Company will stop processing Optionee's Personal Data for the purposes stated in section (b) above unless to the extent necessary to comply with tax or other legal obligations in connection with the Option granted before Optionee withdrew his or her consent.

(g) Data Subject Rights. Optionee may have a number of rights under data privacy laws in Optionee's jurisdiction. Subject to the conditions set out in the applicable law and depending on where Optionee is based, such rights may include the right to (i) request access to, or copies of, Personal Data processed by the Company, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrict the processing of Personal Data, (v) object to the processing of Personal Data for legitimate interests, (vi) portability of Personal Data, (vii) lodge complaints with competent authorities in Optionee's jurisdiction, and/or to (viii) receive a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding these rights or to exercise these rights, Optionee can contact dataprotection@seagen.com.

(h) Necessary Disclosure of Personal Data. Optionee understands that providing the Company with Personal Data is necessary for the performance of this Agreement and that Optionee's refusal to provide Personal Data would make it impossible for the Company to perform its contractual obligations and would affect Optionee's ability to participate in the Plan.

(i) ***Declaration of Consent (if Optionee is outside the EEA+). By clicking on the "I accept" button on the Acknowledge Grant screen on the stock plan administration site, Optionee is declaring that Optionee unambiguously consents to the collection, use and transfer, in electronic or other form, of Optionee's Personal Data, as described above and in any other grant materials, by and among, as applicable, the entity that employs Optionee, the Company, any Affiliate and any service provider involved in stock plan administration including but not limited to E*TRADE for the exclusive purpose of implementing, administering and managing Optionee's participation in the Plan. Optionee understands that Optionee may, at any time, refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Seattle Genetics, Inc. Director of Privacy Law. If Optionee does not consent or later seek to revoke Optionee's consent, Optionee's employment status or service with the entity that employs Optionee will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant this Option or any other equity award to Optionee or administer or maintain such awards. Therefore, Optionee understands that refusing or withdrawing consent will affect Optionee's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, Optionee should contact the Company's stock Plan Administrator.***

12. **Clawback/Recoupment.** This Option will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of the Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth

in an individual written agreement between the Company and Optionee. No recovery of compensation under such a clawback policy will be an event giving rise to Optionee's right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

13. **Copies of Plan Materials.** Optionee acknowledges that Optionee has received copies of the Plan and the Plan prospectus from the Company and agrees to receive stockholder information, including copies of any annual report, proxy statement and periodic report, from the Company's website at http://www.seattlegenetics.com/news/index.htm. Optionee acknowledges that copies of the Plan, Plan prospectus, Plan information and stockholder information are also available upon written or telephonic request to the Stock Plan Administrator.

14. **Insider Trading Restrictions/Market Abuse Laws.** Optionee acknowledges that, depending on Optionee's country, Optionee may be subject to insider trading restrictions and/or market abuse laws, which may affect Optionee's ability to acquire or sell the Shares under the Plan during such times as Optionee is considered to have "inside information" regarding the Company (as defined by the laws in Optionee's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Optionee acknowledges that it is Optionee's responsibility to comply with any applicable restrictions, and Optionee is advised to speak to a personal advisor on this matter.

15. Foreign Asset/Account and Tax Reporting, Exchange Controls**.** Optionee's country may have certain foreign asset, account and/or tax reporting requirements and exchange controls which may affect Optionee's ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside Optionee's country. Optionee understands that Optionee may be required to report such accounts, assets or transactions to the tax or other authorities in Optionee's country. Optionee also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to Optionee's country through a designated bank or broker and/or within a certain time after receipt. In addition, Optionee may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of Shares. Optionee acknowledges that Optionee is responsible for complying with all such requirements, and that Optionee should consult his or her personal legal and tax advisors, as applicable, to ensure compliance.

16. **Waiver**. Optionee acknowledges that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

17. **Language.** Optionee acknowledges that Optionee is sufficiently proficient in the English language, or have consulted with an advisor who is proficient in English, so as to allow Optionee to understand the terms and conditions of this Agreement. If Optionee has received this Agreement, or any other document related to this Option and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English

version will control. Optionee acknowledges that Optionee is sufficiently proficient in English to understand the terms and conditions of this Agreement.

18. **Appendix.** Notwithstanding any provisions in this Agreement, this Option shall be subject to the special terms and conditions for Optionee's country set forth in the Appendix attached to this Agreement. Moreover, if Optionee relocates to one of the countries included therein, the terms and conditions for such country will apply to Optionee to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

19. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Optionee's participation in the Plan, on any Shares purchased under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **Governing Law/Venue.** The interpretation, performance and enforcement of this Agreement will be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules. For purposes of any action, lawsuit or other proceedings brought due to Optionee's participation in the Plan, relating to it, or arising from it, Optionee hereby submits to and consent to the sole and exclusive jurisdiction of the United States District Court for the Southern District of New York (or should such court lack jurisdiction to hear such action, suit or proceeding, in a New York state court in the County of New York), and no other courts, where this Option is granted and/or to be performed.

21. **Severability.** If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

22. **Entire Agreement; Plan Controls.** The Plan is incorporated herein by reference. The Plan and this Agreement (including the Appendix) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, with the exception of any arrangement that would provide for vesting acceleration of this Option upon the terms and conditions set forth therein. Except as otherwise provided in the Plan, this Agreement may not be modified adversely to Optionee's interest except by means of a writing signed by the Company and Optionee. In the event of any conflict between the terms and provisions of the Plan and this Agreement, the Plan terms and provisions shall govern. Capitalized terms used but not defined in this Agreement have the meanings assigned to them in the Plan. Certain other important terms governing this Agreement are contained in the Plan.

Optionee's electronic acceptance shall signify Optionee's execution of this Agreement and understanding that this Option is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR OPTIONEE'S RECORDS

SEATTLE GENETICS, INC.

APPENDIX TO STOCK OPTION AGREEMENT FOR NON-US PARTICIPANTS

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or in the Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern this Option if Optionee resides and/or works in one of the countries listed below.

If Optionee is a citizen or resident of a country other than the one in which the Optionee is currently residing and/or working, transfer employment and/or residency to another country after the Award is granted, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions herein will apply to Optionee.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which Optionee should be aware with respect to participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of November 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Optionee not rely on the information in this Appendix as the only source of information relating to the consequences of Optionee's participation in the Plan because the information may be out of date at the time that Optionee acquires Shares or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Optionee's particular situation and the Company is not in a position to assure him or her of any particular result. Accordingly, Optionee acknowledges that Optionee should seek appropriate professional advice as to how the relevant laws in Optionee's country may apply to Optionee's situation.

Finally, Optionee acknowledges that if Optionee is a citizen or resident of a country other than the one in which Optionee is currently residing and/or working, transfers employment and/or residency to another country after the Option is granted, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to Optionee.

CANADA

Terms and Conditions

Method of Payment. Notwithstanding Section 5 of the Agreement, Optionee is prohibited from paying the exercise price applicable to this Option using Shares or by a cashless "net exercise" arrangement.

Termination of Employment. This provision replaces the eighth paragraph of Section 6 of the Agreement:

For purposes of Optionee's participation in the Plan, Optionee's right to vest in the Option will terminate effective as of the date that is the earlier of (1) the date of Optionee's Termination of Employment; (2) the date on which Optionee receives written notice of termination; or (3) the date Optionee is no longer actively providing services to the Employer or any other Affiliate regardless of any notice period or period of pay in lieu of such notice mandated under applicable laws (including, but not limited to, statutory law and/or common law); the Administrator shall have exclusive discretion to determine when Optionee is no longer actively employed for purposes of Optionee's participation in the Plan (including whether Optionee may still be considered to be providing services while on a leave of absence).

The following provisions apply only if Optionee resides in Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention («Agreement»), ainsi que cette Annexe, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 11 of the Agreement:

Optionee hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Optionee further authorizes the Company, the Employer and/or any other Affiliate to disclose and discuss such information with their advisors. Optionee also authorizes the Company, the Employer and/or any other Affiliate to record such information and to keep such information in Optionee's employee file.

Notifications

Securities Law Information. Optionee understands that Optionee is permitted to sell Shares acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided the sale of the Shares acquired pursuant to the Plan takes place outside of Canada through the facilities of a stock exchange on which the shares are listed, and the Company is not a reporting issuer in any jurisdiction of Canada at the time of sale.

Foreign Asset/Account Reporting Information. Specified Foreign property, including Options, Shares acquired under the Plan and other rights to receive shares of a non-Canadian company held by a Canadian resident must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the specified foreign property exceeds C$100,000 at any time during the year. Thus, if the C$100,000 cost threshold is exceed by other foreign specified property held by the individual, the award of this Option must be reported (generally at nil cost). For purposes of such reporting, Shares acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if Optionee owns other Shares (e.g., acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other Shares. Optionee should consult with his or her personal tax advisor to determine the applicable reporting requirements.

DENMARK

Terms and Conditions

Danish Stock Option Act. By accepting this Award, Optionee acknowledges that Optionee received an Employer Statement, translated into Danish, which is being provided to comply with the Danish Stock Option Act.

Notifications

Foreign Asset/Account Reporting Information. If Optionee establishes an account holding shares or cash outside of Denmark, Optionee must report the account to the Danish Tax Administration. The form which should be used to make the report can be obtained from a local bank.

SPECIAL NOTICE FOR EMPLOYEES IN DENMARK
EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended January 1, 2019 (the "***Stock Option Act***"), you are entitled to receive the following information regarding the stock options granted to you by Seattle Genetics, Inc. (the "***Company***") under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (the "***Plan***") in a written statement.

This statement contains information applicable to Optionee's participation in the Plan, as required under the Stock Option Act, while the other terms and conditions of Optionee's stock options ("***Options***") are described in detail in the Plan and the Stock Option Agreement (the "***Agreement***"), both of which have been made available to you. Capitalized terms used but not defined herein shall have the same meanings given to them in the Plan or the Agreement, as applicable.

Section 1 of the Stock Option Act provides that the Stock Option Act only applies to employees. Employees are defined in section 2 of the Stock Option Act as persons who receive remuneration for their personal services in an employment relationship. Persons, including managers, who are not regarded as employees under the Stock Option Act, will not be subject to the Stock Option Act. If you are not an employee within the meaning of the Stock Option Act, the Company therefore has no obligation to issue an employer information statement to you and you will not be able to rely on this statement for legal purposes, since only the terms and conditions set out in the Plan apply.

1. Date of grant

   The date of grant of Optionee's Options is the date that the Administrator approved a grant for you and determined it would be effective, which is set forth in the Agreement.

2. Terms or conditions for Option grant

   The grant of Options under the Plan is made at the sole discretion of the Company. Employees, Directors and Consultants of the Company and its Affiliates, are eligible to receive grants under the Plan. The Administrator has broad discretion to determine who will receive Options and to set the terms and conditions of the Options. The Company may decide, in its sole discretion, not to make any grants of Options to you in the future. Under the terms of the Plan and the Agreement, you have no entitlement or claim to receive future grants of Options.

3. Exercise date or period

   The options will vest and become exercisable over a period of time (as set forth in the Agreement), subject to Optionee's continuous employment through the applicable vesting date and other conditions set forth in the Plan and Agreement, and subject to Section 5 of this statement.

4. Exercise Price

During the exercise period, the Options can be exercised to purchase shares of common stock of the Company at a price per share not less than the fair market value of the stock on the date the Option is granted, as determined in accordance with the Plan.

5. Your rights upon termination of employment

Subject to the provisions below regarding accelerated vesting and post-termination exercise in certain circumstances, vesting will cease upon Optionee's Termination of Employment and the Options that were not vested and exercised on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Options or the Shares underlying such Option.

Notwithstanding the foregoing or anything in the Agreement to the contrary, in the event of Optionee's Termination of Employment as a result of Optionee's death or Disability, the vesting and exercisability of the Option shall accelerate such that the Option shall become vested and exercisable as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that the Option is outstanding on such date.

The portion of the Option that relates to any Shares that were unvested and unexercisable as of the date of Optionee's Termination of Employment shall terminate and expire effective immediately upon such date. With respect to the vested and exercisable portion of the Option, such portion shall be exercisable as set forth below; provided, however, that in no event may an Option be exercised, even as to vested and otherwise exercisable Shares, after the Expiration Date:

(i) In the event of Termination of Employment other than as a result of Optionee's death, Disability or Retirement (as defined below), Optionee shall have three months from the date of such Termination of Employment to exercise the Option as to the shares subject to the Option that were vested and exercisable as of the date of Termination of Employment; provided, *however,* that (A) if during any part of such three month period, the Option is not exercisable because the issuance of the shares would violate the registration requirements under the Securities Act (or other applicable securities laws in the case of Optionees not subject to U.S. securities laws), the Option shall not expire until the Option shall have been exercisable for an aggregate of three months after the date of Termination of Employment (but in no event may the Option be exercised more than one year after the date of Termination of Employment), and (B) if during any part of such three month period, the shares issued upon exercise of the Option may not be sold because Optionee has material nonpublic information regarding the Company or is otherwise subject to a trading blackout period under the Company's Insider Trading Policy, the Option shall not expire until Optionee shall have had an aggregate of three months after the date of Termination of Employment during which Optionee can sell the Shares without being subject to such restrictions arising under insider trading laws or Company policy (but in no event may the Option be exercised more than one year after the date of Termination of Employment);

(ii) In the event of Termination of Employment as a result of Optionee's Disability, Optionee shall have 12 months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment;

(iii) In the event of Termination of Employment as a result of Optionee's death or in the event of Optionee's death within 30 days following Optionee's Termination of Employment, Optionee's estate, any person who acquired the right to exercise the Option by bequest or inheritance, or any person designated to exercise the Option upon Optionee's death shall have 12 months following Optionee's death to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Optionee's death; and

(iv) In the event of Termination of Employment as a result of Optionee's Retirement (as defined below), Optionee shall have 12 months from the date of such Termination of Employment to exercise the Option as to the Shares subject to the Option that were vested and exercisable as of the date of Termination of Employment.

Notwithstanding the above, in no event may an Option be exercised, even as to vested and otherwise exercisable Shares, after the Expiration Date

6. Financial aspects of participating in the Plan

The grant of stock options has no immediate financial consequences for you. The value of the options is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK
ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold som ændret 1. januar 2019 ("***Aktieoptionsloven***") er du berettiget til i en skriftlig erklæring at modtage følgende oplysninger om de aktieoptioner, som du modtager fra Seattle Genetics, Inc. ("***Selskabet***") i henhold til Seattle Genetics, Inc.'s "Amended and Restated 2007 Equity Incentive Plan" ("***Ordningen***").

Denne erklæring indeholder de oplysninger, der i henhold til Aktieoptionsloven gælder for Optionsmodtagerens deltagelse i Ordningen, mens de øvrige vilkår og betingelser for Optionsmodtagerens aktieoptioner ("***Optioner***") er nærmere beskrevet i Ordningen og i Aktieoptionsaftalen ("***Aftalen***"), som begge er udleveret til dig. Begreber, der står med stort begyndelsesbogstav i denne arbejdsgivererklæring, men som ikke er defineret heri, har den i Ordningen eller Aftalen anførte betydning.

I henhold til Aktieoptionslovens § 1 finder loven kun anvendelse for lønmodtagere. Lønmodtagere er defineret i Aktieoptionslovens § 2 som personer, der modtager vederlag for personligt arbejde i tjenesteforhold. Personer, herunder direktører, som ikke anses for at være lønmodtagere i Aktieoptionslovens forstand, er ikke omfattet af Aktieoptionsloven. Hvis du ikke er lønmodtager i Aktieoptionslovens forstand, er Selskabet derfor ikke forpligtet til at udstede en arbejdsgivererklæring til dig, og du vil ikke i juridisk henseende kunne henholde dig til denne arbejdsgivererklæring, da det alene er bestemmelserne i Ordningen, der er gældende.

1. Tildelingstidspunkt

   Tidspunktet for tildelingen af Optionsmodtagerens Optioner er den dag, hvor Administratoren godkendte tildelingen og besluttede, at den skulle træde i kraft. Tidspunktet fremgår af Aftalen.

2. Vilkår og betingelser for Optionstildelingen

   Tildelingen af Optioner i henhold til Ordningen sker efter Selskabets eget skøn. Tildeling kan i henhold til Ordningen ske til Medarbejdere, Bestyrelsesmedlemmer og Konsulenter i Selskabet og dets Tilknyttede Selskaber. Administratoren har vide beføjelser til at bestemme, hvem der skal modtage Optioner og på hvilke vilkår. Selskabet kan efter eget skøn vælge fremover ikke at tildele dig nogen Optioner. I henhold til bestemmelserne i Ordningen og Aftalen har du ikke hverken ret til eller krav på fremover at få tildelt Optioner.

3. Udnyttelsesdato eller -periode

   Optionerne modnes over en periode (som anført i Aftalen), forudsat at Optionsmodtageren fortsat er ansat på modningsdatoen, og at de øvrige betingelser i Ordningen og i Aftalen er opfyldt, dog med forbehold for pkt. 5 nedenfor.

4. Udnyttelseskurs

I udnyttelsesperioden kan Optionerne udnyttes til køb af ordinære aktier i Selskabet til en kurs, der som minimum svarer til markedskursen på tidspunktet for tildelingen af Optionen, som opgjort i henhold til Ordningen.

5. Din retsstilling i forbindelse med fratræden

Med forbehold for bestemmelserne nedenfor vedrørende fremskyndet modning og udnyttelse efter ansættelsesforholdets ophør vil modningen ophøre ved Optionsmodtagerens Fratrædelse, og de Optioner, som ikke er modnet og udnyttet på dette tidspunkt, bortfalder uden omkostninger for Selskabet, og du vil ikke længere have ret eller adkomst til disse Optioner eller til de bagvedliggende Aktier.

Uanset ovenstående og Aftalens øvrige bestemmelser gælder, at såfremt Optionsmodtageren Fratræder som følge af Optionsmodtagerens død eller Uarbejdsdygtighed, fremskyndes modningen af Optionen, således at Optionen modnes, som om Optionsmodtageren havde været ansat i en periode på yderligere tolv (12) måneder fra Fratrædelsesdatoen, såfremt Optionen endnu ikke er modnet på dette tidspunkt.

Den andel af Optionen, der vedrører Aktier, som ikke var modnet på Fratrædelsesdatoen, bortfalder og udløber med øjeblikkelig virkning pr. denne dato. Med hensyn til den modnede andel af Optionen kan denne udnyttes som anført nedenfor. Dog kan en Option aldrig udnyttes efter Udløbsdatoen, heller ikke til køb af Aktier, der er modnet eller i øvrigt kan udnyttes:

(i) Ved Fratrædelse af andre grunde end Optionsmodtagerens død, Uarbejdsdygtighed eller Pensionering (som defineret nedenfor) kan Optionsmodtageren inden for en frist på tre måneder fra Fratrædelsesdatoen udnytte Optionen for de aktier, der er modnet pr. Fratrædelsesdatoen. Dog gælder, at (A) hvis Optionen ikke kan udnyttes inden for tremåneders fristen, fordi udstedelse af aktierne vil være i strid med registreringskravene i den amerikanske Securities Act (eller tilsvarende lovgivning for Optionsmodtagere, der ikke er omfattet af den amerikanske værdipapirlovgivning), udløber Optionen først, når den har kunne udnyttes i tre måneder efter Fratrædelsesdatoen (idet Optionen dog i intet tilfælde kan udnyttes senere end et år efter Fratrædelsesdatoen), og (B) hvis aktierne udstedt ved udnyttelse af Optionen ikke må sælges inden for tremåneders fristen, fordi Optionsmodtageren er i besiddelse af væsentlige, ikke-offentliggjorte oplysninger om Selskabet, eller i øvrigt er omfattet af et handelsforbud i henhold til Selskabets Politik for Insiderhandel, udløber Optionen først, når Optionsmodtageren har haft i alt tre måneder efter Fratrædelsesdatoen til at sælge Aktierne uden at være omfattet af sådanne restriktioner i medfør af lovgivningen om insiderhandel eller Selskabets politik (dog kan Optionen i intet tilfælde udnyttes senere end et år efter Fratrædelsesdatoen).

(ii) Ved Fratrædelse som følge af Optionsmodtagerens Uarbejdsdygtighed har Optionsmodtageren en frist på 12 måneder efter Fratrædelsesdatoen til at udnytte Optionen for de Aktier, der er modnet pr. Fratrædelsesdatoen.

(iii) Ved Fratrædelse som følge af Optionsmodtagerens død eller i tilfælde af Optionsmodtagerens død inden for 30 dage efter Fratrædelsesdatoen har Optionsmodtagerens bo eller den person, som har arvet retten til at udnytte Optionen, eller den person, som er udpeget til at udnytte Optionen ved Optionsmodtagerens død, en frist på 12 måneder efter dødsfaldet til at udnytte Optionen for de Aktier, der er modnet pr. dødsdatoen, og

(iv) Ved Fratrædelse som følge af Optionsmodtagerens Pensionering (som defineret nedenfor) har Optionsmodtageren en frist på 12 måneder efter Fratrædelsesdatoen til at udnytte Optionen for de Aktier, der er modnet pr. Fratrædelsesdatoen.

Uanset ovennævnte kan en Option aldrig udnyttes efter Udløbsdatoen, heller ikke til køb af Aktier, der er modnet eller i øvrigt kan udnyttes.

6. Økonomiske aspekter ved deltagelse i Ordningen

Tildelingen af aktieoptioner har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af optionerne indgår ikke i beregningen af feriepenge, pensionsbidrag eller andre lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier kendes ikke og kan ikke forudsiges med sikkerhed.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

FINLAND

There are no country-specific provisions.

FRANCE

Terms and Conditions

Non-Qualified Award. This Option is not intended to qualify for special tax and social security treatment applicable to Options granted under Section L.225-177 to L.225-186-1 of the French Commercial Code, as amended.

Consent to Receive Information in English. By accepting this Option, Optionee confirms having read and understood the Plan and the Stock Option Agreement which were provided in the English language. Optionee accepts the terms of those documents accordingly.

*Consentement Relatif à la Langue Utilisée**.** En acceptant l'attribution de l'option, vous confirmez avoir lu et compris le Plan et ce Contrat, qui ont été communiqués en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.*

Notifications

Foreign Asset/Account Reporting Information. If Optionee holds cash or Shares outside of France or maintain a foreign bank or foreign bank or brokerage account (including accounts that were opened and closed during the tax year), Optionee is required to report such assets and accounts to the French tax authorities on an annual basis on a specified form together with Optionee's income tax return. Failure to complete this reporting can trigger significant penalties.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of Shares or the receipt of dividends, if any), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically and the form of report ("***Allgemeine Meldeportal Statistik***") can be accessed via the Bundesbank's website (www.bundesbank.de), in both German and English. Optionee is responsible for making this report.

Foreign Asset/Account Reporting Information. If Optionee's acquisition of Shares acquired under the Plan leads to a so-called qualified participation at any point during the calendar year, Optionee may need to report the acquisition when Optionee files his or her tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares exceeds €150,000, or (ii) in the unlikely event that Optionee holds Shares exceeding 10% of the Company's share capital.

However, if the Shares are listed on a recognized U.S. stock exchange and Optionee owns less than 1% of the Company, this requirement will not apply to Optionee.

ITALY

Terms and Conditions

Method of Payment. The following provision supplements Section 5 of the Agreement.

Due to local regulatory requirements, Optionee understands that Optionee will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, Optionee understands that Optionee must instruct the Plan broker to: (i) sell all of the Shares issued upon exercise; (ii) use the proceeds to pay the exercise price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to Optionee. Optionee will not be permitted to hold Shares after exercise. Depending upon the development of laws and Optionee's status as a national of a country other than Italy, the Company reserves the right to modify the methods of exercising the Option and, in its sole discretion, to permit cash exercises, cashless sell-to-cover exercises or any other method of exercise and payment of Tax-Related Items permitted under the Plan.

Plan Document Acknowledgment. In accepting the Option, Optionee acknowledges that Optionee has received a copy of the Plan and the Agreement and reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

Optionee further acknowledges that Optionee has read and specifically and expressly approves the following sections of the Agreement and this Appendix: Section 8. Tax Obligations; Section 10. Nature of Grant; Section 11. Data Privacy; Section 17. Language; Section 19. Imposition of Other Requirements; Section 20. Governing Law/Venue; and Section 21. Severability.

Notifications

Foreign Asset/Account Reporting Information. If Optionee is an Italian resident and at any time during the fiscal year holds investments or financial assets outside of Italy (e.g., cash, Shares) which may generate income taxable in Italy (or if Optionee is the beneficial owner of such an investment or asset, even if Optionee does not directly hold the investment or asset under Italian money laundering provisions), Optionee is required to report such investments or assets on his or her annual tax return for such fiscal year (on UNICO Form, RW Schedule) or on a special form if Optionee is not required to file a tax return.

Foreign Financial Assets Tax. The fair market value of any Shares held outside of Italy is subject to a foreign assets tax. Financial assets include Shares acquired under the Plan. The taxable amount will be the fair market value of the financial assets assessed at the end of the calendar year. Optionee should consult with Optionee's personal tax advisor about the foreign financial assets tax.

NETHERLANDS

There are no country-specific provisions.

PORTUGAL

Terms and Conditions

Consent to Receive Information in English. Optionee hereby expressly declares that Optionee has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. *Contratado, pelo presente instrumento, declara expressamente que*

tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e

concordou com os termos e condições estabelecidas no Plano e no Acordo.

Notifications

Exchange Control Information. If Optionee receives Shares upon exercise of the Option, the

acquisition of the Shares should be reported to the Banco de Portugal for statistical purposes. If

the Shares are deposited with a commercial bank or financial intermediary in Portugal, such

bank or financial intermediary will submit the report on Optionee's behalf. If the Shares are not

deposited with a commercial bank or financial intermediary in Portugal, Optionee is responsible

for submitting the report to the Banco de Portugal.

SPAIN

Terms and Conditions

Labor Law Acknowledgment. The following provisions supplement Section 10 of the Agreement:

By accepting the Option, Optionee agrees to participation in the Plan and acknowledges that Optionee has received a copy of the Plan.

Optionee understands and agrees that, except as otherwise provided in the Agreement, Optionee will forfeit any Options in the event of Optionee's Termination of Employment by reason of, but

not limited to, resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*," individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Service Recipient and under Article 10.3 of the Royal Decree 1382/1985.

Optionee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Options under the Plan to individuals who are employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliates on an ongoing basis except as set forth under the terms of the Plan and the Agreement. Consequently, Optionee understands that any Award is given on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, Optionee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the Option and Shares is unknown and unpredictable and Optionee may forfeit the Option if Optionee's Termination of Employment occurs prior to vesting. In addition, Optionee understand that this Award would not be made but for the assumptions and conditions referred to above; thus, Optionee understands, acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then this Award shall be null and void.

Notifications

Exchange Control Information. The acquisition, ownership and sale of Shares under the Plan must be declared for statistical purposes to the *Spanish Dirección General de Comercio e Inversiones* (the "***DGCI***"), the Bureau for Commerce and Investments, which is a department of the Ministry of Industry, Tourism and Commerce. Generally, the declaration must be made in January for Shares owned as of December 31 of the prior year and/or Shares acquired or disposed of during the prior year; however, if the value of Shares acquired or disposed of or the amount of the sale proceeds exceeds €1,502,530 (or if Optionee holds 10% or more of the share capital of the Company), the declaration must be filed within one month of the acquisition or disposition, as applicable.

In addition, Optionee may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including Shares acquired under the Plan), and any transactions with non-Spanish residents (including any payments of Shares made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

Foreign Asset/Account Reporting Information. To the extent that Optionee holds rights or assets (*i.e.,* cash or Shares held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of right or asset (*e.g.,* Shares, cash, etc.) as of December 31 each year, Optionee is required to report information on such rights and assets on Optionee's tax return for such year.

After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. Optionee should consult with Optionee's personal tax and legal advisors to ensure that Optionee is properly complying with Optionee's reporting obligations.

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of this Award. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Terms and Conditions

Grant of the Option. The Option granted to a Swiss Optionee is a voluntary gratuity (*Gratifikation*) as determined at the Company's sole discretion which the Optionee has no entitlement to and which does not constitute an entitlement of the Optionee for a grant of further Options in the future.

Language Acknowledgement. Optionee confirms having read and understood the documents relating to the Plan, including the Option Agreement and all terms and conditions included therein, which were provided in the English language only. Optionee confirms having sufficient language capabilities to understand these terms and conditions in full.

Du bestätigst, dass du den Plan sowie die dazugehörigen Dokumente, inklusive der Vereinbarung, mit all den darin enthaltenen Bedingungen und Voraussetzungen, welche in englischer Sprache verfasst sind, gelesen und verstanden hast. Du bestätigst dass Deine Sprachkenntnisse genügend sind, um die Bedingungen und Voraussetzungen zu verstehen.

Notifications

Securities Law Information. Neither the Agreement nor any other materials relating to this Option (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("***FinSA***") (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company or (iii) has been filed with approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA.

UNITED KINGDOM

Terms and Conditions

Tax Obligations. The following provision supplements Section 8 of the Agreement:

Without limitation to Section 8 of the Agreement, Optionee agrees that Optionee is liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("***HMRC***") (or any other tax authority or any other relevant authority). Optionee also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Optionee's behalf.

Notwithstanding the foregoing, if Optionee is a director or an executive officer of the Company (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), Optionee acknowledges that Optionee may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by Optionee, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Item(s) occurs may constitute an additional benefit to Optionee on which additional income tax and National Insurance contributions ("***NICs***") may be payable. Optionee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from Optionee by any of the means referred to in the Plan or Section 8 of the Agreement.

NIC Joint Election. As a condition of Optionee's participation in the Plan and the vesting and settlement of the Options or receipt of any benefit in connection with the Options, Optionee agrees to accept any liability for secondary Class 1 NICs that may be payable by the Company or the Employer (or any successor to the Company or the Employer) in connection with the Options and any event giving rise to Tax-Related Items (the "***Employer's Liability***"). Without prejudice to the foregoing, Optionee agrees to enter into the following joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or elections. Optionee further agrees to enter into such other Joint Elections as may be required between Optionee and any successor to the Company and/or the Employer for the purpose of continuing the effectiveness of the Joint Election. Optionee further agrees that the Company and/or the Employer may collect the Employer's Liability from Optionee by any of the means set forth in Section 8 of the Agreement.

If Optionee does not enter into the Joint Election prior to the vesting of the Options or any other event giving rise to Tax-Related Items, Optionee will not be entitled to vest in the Options and receive Shares (or receive any other benefit in connection with the Options) unless and until Optionee enters into the Joint Election, and no Shares or other benefit will be issued to Optionee under the Plan, without any liability to the Company, the Employer or any other service recipient.

Exhibit 10.82

SEATTLE GENETICS, INC.
STOCK UNIT GRANT NOTICE
(AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN)

Seattle Genetics, Inc. (the ***"Company"***), pursuant to its Amended and Restated 2007 Equity Incentive Plan (the ***"Plan"***), hereby awards to Participant a Stock Unit Award for the number of stock units set forth below (the ***"Award"***). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Unit Agreement, both of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Stock Unit Agreement. Except as explicitly provided herein, in the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant:	%%FIRST_NAME%-% %%MIDDLE_NAME%-% %%LAST_NAME%-%
Date of Grant:	%%OPTION_DATE,'MM/DD/YYYY'%-%
Vesting Commencement Date:	%%VEST_BASE_DATE,'MM/DD/YYYY'%-%
Number of Stock Units Subject to Award:	%%TOTAL_SHARES_GRANTED,'999,999,999'%-%
Vesting Schedule:	Subject to Section 2 of the Stock Unit Agreement, the Award shall vest on the below vesting date(s). Notwithstanding the following, vesting shall terminate upon the Participant's Termination of Employment.

%%VEST_DATE_PERIOD1,'MM/DD/YYYY'%-%	%%SHARES_PERIOD1%-%
%%VEST_DATE_PERIOD2,'MM/DD/YYYY'%-%	%%SHARES_PERIOD2%-%
%%VEST_DATE_PERIOD3,'MM/DD/YYYY'%-%	%%SHARES_PERIOD3%-%
%%VEST_DATE_PERIOD4,'MM/DD/YYYY'%-%	%%SHARES_PERIOD4%-%

Consideration:	Participant's Services

Issuance Schedule: The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 7 of the Stock Unit Agreement.

Sell to Cover Election: By accepting this Award, Participant hereby: (1) elects, effective on the date Participant accepts this Award, to sell shares of Common Stock issued in respect of the Award in an amount determined in accordance with Section 11(b) of the Stock Unit Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 11(b) of the Stock Unit Agreement (a ***"Sell to Cover"***); (2) directs the Company to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represents and warrants that (i) Participant has carefully reviewed Section 11(b) of the Stock Unit Agreement, (ii) on the date Participant accepts this Award he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Stock Unit Agreement, and is entering into the Stock Unit Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act, and (iii) it is Participant's intent that this election to Sell to Cover and Section 11(b) of the Stock Unit Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act. The Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 11(b) of the Stock Unit Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 11(b) of the Stock Unit Agreement.**

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Stock Unit Agreement (including the provisions of Section 11(b) thereof with respect to the Sell to Cover) and the Plan. Participant also acknowledges receipt of the Prospectus for the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject, with the exception of any arrangement that would provide for vesting acceleration of the Award upon the terms and conditions set forth therein.

Participant's electronic acceptance shall signify Participant's execution of this Stock Unit Grant Notice and understanding that this Award is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall, Ph.D.
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

SEATTLE GENETICS, INC.
AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement (this "***Agreement***") and in consideration of your services, Seattle Genetics, Inc. (the "***Company***") has awarded you a Stock Unit Award (the "***Award***") under its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon your execution of the Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan or the Grant Notice, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of stock units indicated in the Grant Notice (the "***Stock Units***"). As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Stock Units subject to the Award. This Award was granted in consideration of your services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than past and future services to the Company) with respect to your receipt of the Award, the vesting of the Stock Units or the delivery of the Common Stock to be issued in respect of the Award.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that you have not incurred a Termination of Employment before the vesting date set forth in the Grant Notice. Upon your Termination of Employment, the Stock Units credited to the Account that were not vested on the date of such Termination of Employment will be forfeited at no cost to the Company and you will have no further right, title or interest in the Stock Units or the shares of Common Stock to be issued in respect of the Award.

Notwithstanding the foregoing or anything in this Agreement to the contrary, in the event of your Termination of Employment as a result of your death or Disability, the vesting of your Award shall accelerate such that your Award shall become vested as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that your Award is outstanding on such date.

3. FORFEITURE OF AWARD NOT TIMELY ACCEPTED. The Award is conditioned upon your electronic acceptance of the Award, as set forth in the Grant Notice. Notwithstanding the foregoing or anything in this Agreement to the contrary, if you fail to accept the Award prior to the vesting dates set forth in the Grant Notice, the portion of the Award that otherwise would have vested on each such date will be forfeited at no cost to the Company, and you will have no further right, title or interest in such portion. In the event of your Termination of Employment as a result of your death or Disability prior to acceptance of the Award, the Company will deem the Award as being accepted.

4. NUMBER OF SHARES.

(a) The number of Stock Units subject to your Award may be adjusted from time to time for changes in capitalization, as provided in Section 13 of the Plan.

(b) Any additional Stock Units that become subject to the Award pursuant to this Section 4 shall be subject, in a manner determined by the Administrator, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units covered by your Award.

(c) Notwithstanding the provisions of this Section 4, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 4. The Administrator shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 4.

5. SECURITIES LAW COMPLIANCE. You may not be issued any shares in respect of your Award unless either (i) the shares are registered under the Securities Act of 1933, as amended (the ***"Securities Act"***); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information deemed necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

6. TRANSFER RESTRICTIONS. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 7 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death pursuant to this Agreement.

7. DATE OF ISSUANCE.

(a) If the Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), the Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested Stock Units subject to your Award, including any additional Stock Units received pursuant to Section 4 above that relate to those vested Stock Units on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 11(a) hereof) by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award pursuant to Section 11 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 11(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of the Company's Common Stock on the open market, as applicable (and regardless of whether there has been a Termination of Employment before such time), but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the Stock Units vest. Delivery of the shares pursuant to the provisions of this Section 7(a) is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. The form of such delivery of the shares (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) The provisions of this Section 7(b) are intended to apply if the Award is subject to Section 409A because of the terms of a severance arrangement or other agreement between you and the Company, if any, that provide for acceleration of vesting of the Award upon your separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) or 1.409A-1(b)(9) ("***Non-Exempt Severance Arrangement***"). If the Award is subject to and not exempt from application of Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions in this Section 7(b) shall supersede anything to the contrary in Section 7(a).

(i) If the Award vests in the ordinary course before your Termination of Employment in accordance with the vesting schedule set forth in the Grant Notice, without accelerating vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares to be issued in respect of your Award be issued any later than the later of: (A) December 31st of the calendar year that includes the applicable vesting date and (B) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Award and, therefore, are part of the terms of the Award as of the date of grant, then the shares will be earlier issued in respect of your Award upon your Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of your Separation from Service. However, if at the time the shares would otherwise be issued you are subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of your Separation from Service, or, if earlier, the date of your death that occurs within such six-month period.

(iii) If either (A) vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Award and, therefore, are not a part of the terms of the Award on the date of grant, or (B) vesting accelerates pursuant to Section 4(b) or Section 13 of the Plan, then such acceleration of vesting of the Award shall not accelerate the issuance date of the

shares (or any substitute property), but the shares (or substitute property) shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course before your Termination of Employment, notwithstanding the vesting acceleration of the Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Notwithstanding anything to the contrary set forth herein, the Company explicitly reserves the right to earlier issue the shares in respect of any Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(d) The provisions in this Agreement for delivery of the shares in respect of the Award are intended either to comply with the requirements of Section 409A or to provide a basis for exemption from such requirements so that the delivery of the shares will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

8. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a change in capitalization as provided in Section 13 of the Plan; *provided, however*, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. RESTRICTIVE LEGENDS. The shares issued in respect of your Award shall be endorsed with appropriate legends determined by the Company.

10. AWARD NOT A SERVICE CONTRACT.

(a) Your service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in Section 2 herein or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in Section 2 is earned only by continuing as an employee, director or consultant at the will of the Company (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in your Termination of Employment, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your service at any time, with or without cause and with or without notice.

11. WITHHOLDING OBLIGATIONS.

(a) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with your Award (the "***Withholding Obligation***").

(b) By accepting this Award, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 11(b) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 11(c) hereof and (ii) further acknowledge and agree to the following provisions:

(i) You hereby irrevocably appoint E*Trade, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 7 hereof in connection with the vesting of the Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 11(c) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

(4) Remit any remaining funds to you.

(ii) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 11(b) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (your election to Sell to Cover and the provisions of this Section 11(b), collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this Award, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 11(b)(i) to satisfy your obligations hereunder.

(iii) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act, (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 11(b)(i)(1) above.

(iv) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 11(b) and the terms of this 10b5-1 Plan.

(vi) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. Upon acceptance of the Award, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Stock Units and the related issuance of shares of Common Stock has been satisfied.

(c) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 11(b), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to you by the Company; and/or

(iii) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 7) equal to the amount of the Withholding Obligation; *provided, however*, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's or Affiliate's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such other amount as may be permitted while still avoiding classification of the Award as a liability for financial accounting purposes).

(d) Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(e) In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 7 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

13. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy on trading in Company securities permitting employees to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

14. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company, the Agent or another third party designated by the Company and agree notice shall be provided upon posting to your electronic account held by the Company, the Agent or another third party designated by the Company.

15. CLAWBACK/RECOUPMENT. The Award will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of this Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between you and the Company. No recovery of compensation under such a clawback policy will be an event giving rise to your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

16. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

17. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

18. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

19. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

20. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

Exhibit 10.83

SEATTLE GENETICS, INC.
STOCK UNIT GRANT NOTICE FOR NON-US PARTICIPANTS
(AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN)

Seattle Genetics, Inc. (the ***"Company"***), pursuant to its Amended and Restated 2007 Equity Incentive Plan (the ***"Plan"***), hereby awards to Participant a Stock Unit Award for the number of stock units set forth below (the ***"Award"***). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Unit Agreement (including any special terms and conditions for Participant's country set forth in the attached appendix (the ***"Appendix"***)), both of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Stock Unit Agreement. Except as explicitly provided herein, in the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant: %%FIRST_NAME%-% %%MIDDLE_NAME%-% %%LAST_NAME%-%

Date of Grant: %%OPTION_DATE,'MM/DD/YYYY'%-%

Vesting Commencement Date: %%VEST_BASE_DATE,'MM/DD/YYYY'%-%

Number of Stock Units
Subject to Award: %%TOTAL_SHARES_GRANTED,'999,999,999'%-%

Vesting Schedule: Subject to Section 2 of the Stock Unit Agreement, the Award shall vest on the below vesting date(s). Notwithstanding the following, vesting shall terminate upon the Participant's Termination of Employment.

%%VEST_DATE_PERIOD1,'MM/DD/YYYY'%-%	%%SHARES_PERIOD1%-%
%%VEST_DATE_PERIOD2,'MM/DD/YYYY'%-%	%%SHARES_PERIOD2%-%
%%VEST_DATE_PERIOD3,'MM/DD/YYYY'%-%	%%SHARES_PERIOD3%-%
%%VEST_DATE_PERIOD4,'MM/DD/YYYY'%-%	%%SHARES_PERIOD4%-%

Consideration: Participant's Services

Issuance Schedule: The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 7 of the Stock Unit Agreement.

Sell to Cover Election: By accepting this Award, Participant hereby: (1) elects, effective on the date Participant accepts this Award, to sell shares of Common Stock issued in respect of the Award in an amount determined in accordance with Section 12(b) of the Stock Unit Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 12(b) of the Stock Unit Agreement (a ***"Sell to Cover"***); (2) directs the Company to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represents and warrants that (i) Participant has carefully reviewed Section 12(b) of the Stock Unit Agreement, (ii) on the date Participant accepts this Award he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Stock Unit Agreement, and is entering into the Stock Unit Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws), and (iii) it is Participant's intent that this election to Sell to Cover and Section 12(b) of the Stock Unit Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws). The Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 12(b) of the Stock Unit Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 12(b) of the Stock Unit Agreement.**

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Stock Unit Agreement (including the provisions of Section 12(b) thereof with respect to the Sell to Cover and the Appendix) and the Plan. Participant also acknowledges receipt of the Prospectus for the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject, with the exception of any arrangement that would provide for vesting acceleration of the Award upon the terms and conditions set forth therein.

Participant's electronic acceptance shall signify Participant's execution of this Stock Unit Grant Notice and understanding that this Award is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall, Ph.D.

President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

SEATTLE GENETICS, INC.
AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT FOR NON-US PARTICIPANTS

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement, including any special terms and conditions for your country set forth in the appendix attached hereto (this "***Agreement***"), Seattle Genetics, Inc. (the "***Company***") has awarded you a Stock Unit Award (the "***Award***") under its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon your execution of the Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan or the Grant Notice, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of stock units indicated in the Grant Notice (the "***Stock Units***"). As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Stock Units subject to the Award. This Award is granted in consideration of your services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than future services to the Company) with respect to your receipt of the Award, the vesting of the Stock Units or the delivery of the Common Stock to be issued in respect of the Award.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that you have not incurred a Termination of Employment before the vesting date set forth in the Grant Notice. Upon your Termination of Employment, the Stock Units credited to the Account that were not vested on the date of such Termination of Employment will be forfeited at no cost to the Company and you will have no further right, title or interest in the Stock Units or the shares of Common Stock to be issued in respect of the Award. By accepting the grant of this Award, you acknowledge and agree that the terms set forth in this Section 2 supersede any contrary terms regarding the vesting of this Award set forth in any notice or other communication that you receive from, or that is displayed by, E*TRADE or other third party designated by the Company.

For purposes of your Award, your Termination of Employment will be considered to be (regardless of the reason of termination, whether or not later found to be invalid or in breach of employment or other laws or rules in the jurisdiction where you are providing services or the terms of your employment or service agreement, if any) effective as of the date that you cease to actively provide services to the Company or any Affiliate and will not be extended by any notice period (e.g., employment or service would not include any contractual notice period or any period of

"garden leave" or similar period mandated under employment or other laws in the jurisdiction where you are employed or providing services or the terms of your employment or service agreement, if any). The Administrator shall have exclusive discretion to determine when you are no longer actively employed or providing services for purposes of the Plan (including whether you still may be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing or anything in this Agreement to the contrary, in the event of your Termination of Employment as a result of your death or Disability, the vesting of your Award shall accelerate such that your Award shall become vested as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that your Award is outstanding on such date.

3. FORFEITURE OF AWARD NOT TIMELY ACCEPTED. The Award is conditioned upon your electronic acceptance of the Award, as set forth in the Grant Notice. Notwithstanding the foregoing or anything in this Agreement to the contrary, if you fail to accept the Award prior to the vesting dates set forth in the Grant Notice, the portion of the Award that otherwise would have vested on each such date will be forfeited at no cost to the Company, and you will have no further right, title or interest in such portion. In the event of your Termination of Employment as a result of your death or Disability prior to acceptance of the Award, the Company will deem the Award as being accepted.

4. NUMBER OF SHARES.

(a) The number of Stock Units subject to your Award may be adjusted from time to time for changes in capitalization, as provided in Section 13 of the Plan.

(b) Any additional Stock Units that become subject to the Award pursuant to this Section 4 shall be subject, in a manner determined by the Administrator, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units covered by your Award.

(c) Notwithstanding the provisions of this Section 4, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 4. The Administrator shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 4.

5. SECURITIES LAW COMPLIANCE. You may not be issued any shares in respect of your Award unless either (i) the shares are registered under the Securities Act of 1933, as amended (the ***"Securities Act"***) (or other applicable securities laws in the case of Participants not subject to U.S. securities laws); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws). Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information deemed necessary to evaluate the merits and risks of receipt of the

Award, (b) have had the opportunity to ask questions concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

6. TRANSFER RESTRICTIONS. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 7 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws.

7. DATE OF ISSUANCE.

(a) If the Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), the Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested Stock Units subject to your Award, including any additional Stock Units received pursuant to Section 4 above that relate to those vested Stock Units on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 12(a) hereof) by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award pursuant to Section 12 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 12(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of the Company's Common Stock on the open market, as applicable (and regardless of whether there has been a Termination of Employment before such time), but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the Stock Units vest. Delivery of the shares pursuant to the provisions of this Section 7(a) is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. The form of such delivery of the shares (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) The provisions of this Section 7(b) are intended to apply if the Award is subject to Section 409A because of the terms of a severance arrangement or other agreement between

you and the Company, if any, that provide for acceleration of vesting of the Award upon your separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) or 1.409A-1(b)(9) ("***Non-Exempt Severance Arrangement***"). If the Award is subject to and not exempt from application of Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions in this Section 7(b) shall supersede anything to the contrary in Section 7(a).

(i) If the Award vests in the ordinary course before your Termination of Employment in accordance with the vesting schedule set forth in the Grant Notice, without accelerating vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares to be issued in respect of your Award be issued any later than the later of: (A) December 31st of the calendar year that includes the applicable vesting date and (B) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Award and, therefore, are part of the terms of the Award as of the date of grant, then the shares will be earlier issued in respect of your Award upon your Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of your Separation from Service. However, if at the time the shares would otherwise be issued you are subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of your Separation from Service, or, if earlier, the date of your death that occurs within such six-month period.

(iii) If either (A) vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Award and, therefore, are not a part of the terms of the Award on the date of grant, or (B) vesting accelerates pursuant to Section 4(b) or Section 13 of the Plan, then such acceleration of vesting of the Award shall not accelerate the issuance date of the shares (or any substitute property), but the shares (or substitute property) shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course before your Termination of Employment, notwithstanding the vesting acceleration of the Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Notwithstanding anything to the contrary set forth herein, the Company explicitly reserves the right to earlier issue the shares in respect of any Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(d) The provisions in this Agreement for delivery of the shares in respect of the Award are intended either to comply with the requirements of Section 409A or to provide a basis for exemption from such requirements so that the delivery of the shares will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

8. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a change in capitalization as provided in Section 13 of the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. RESTRICTIVE LEGENDS. The shares issued in respect of your Award shall be endorsed with appropriate legends determined by the Company.

10. AWARD NOT A SERVICE CONTRACT.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in Section 2 herein or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate your employment without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in Section 2 is earned only by continuing as an employee, director or consultant of the Company or Affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in your Termination of Employment, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your service at any time, with or without cause and with or without notice.

11. NATURE OF AWARD. In accepting your Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;

(b) the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Awards (whether on the same or different terms), or benefits in lieu of an Award, even if an Award has been granted in the past;

(c) all decisions with respect to future awards of Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) the Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the future value of the shares of Common Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

(g) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from your Termination of Employment (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or rendering services or the terms of your employment agreement, if any);

(h) unless otherwise provided herein, in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock;

(i) unless otherwise agreed with the Company, the Award and the shares of Common Stock subject to the Award, and the income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate;

(j) if the Award vests and you are issued shares of Common Stock, the value of such shares of Common stock may increase or decrease in value following the date the shares of Common Stock are issues; even below the Fair Market Value on the date the Award is granted to you;

(k) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments.

(l) the Award and the shares of Common Stock subject to the Award, and the income and value of same, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's benefit plans.

12. TAX OBLIGATIONS.

(a) By accepting this Award, you acknowledge that, regardless of any action taken by the Company or any Affiliate the ultimate liability for any and all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("***Tax-Related Items***") is and remains your responsibility and may exceed the amount actually withheld by the Company or its Affiliates, if any. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or its Affiliates may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award.

(b) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy any and all Tax-Related Items (the "***Withholding Obligation***").

(c) By accepting this Award, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 12(c) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 12(d) hereof and (ii) further acknowledge and agree to the following provisions:

(i) You hereby irrevocably appoint E*Trade, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 7 hereof in connection with the vesting of the Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 12(d) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

(4) Remit any remaining funds to you.

(ii) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 12(c) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) (your election to Sell to Cover and the provisions of this Section 12(c), collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this Award, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 12(c)(i) to satisfy your obligations hereunder.

(iii) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws), (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 12(c)(i)(1) above.

(iv) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the

purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 12(c) and the terms of this 10b5-1 Plan.

(vi) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. Upon acceptance of the Award, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Stock Units and the related issuance of shares of Common Stock has been satisfied.

(d) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 12(c), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to you by the Company; and/or

(iii) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 7) equal to the amount of the Withholding Obligation.

(e) Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(f) In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

13. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the consequences of accepting this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

14. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 7 of this Agreement. Upon

such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy on trading in Company securities permitting employees to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

16. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company, the Agent or another third party designated by the Company and agree notice shall be provided upon posting to your electronic account held by the Company, the Agent or another third party designated by the Company.

17. CLAWBACK/RECOUPMENT. The Award will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of this Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between you and the Company. No recovery of compensation under such a clawback policy will be an event giving rise to your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

18. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) You acknowledge and agree that the Company shall not be liable for any exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your Award or of any amounts due to you pursuant to the settlement of the Award or the subsequent sale of any shares of Common Stock acquired upon settlement.

(e) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

19. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

20. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. DATA PRIVACY. ***To participate in the Plan, you will need to review the information provided in this Section and, where applicable, declare your consent to the processing of personal data by the Company and third parties noted below.***

(a) ***EEA+ Controller and Representative. If you are based in the European Union ("EU"), the European Economic Area, Switzerland or, if and when the United Kingdom leaves the European Union, the United Kingdom (collectively "EEA+"), you should note that the Company, with its registered address at 21823 30th Drive SE Bothell, Washington 98021, United States of America, is the controller responsible for the processing of your personal data in connection with the Agreement and the Plan. The Company's representative in the EU is Seagen Netherlands B.V., located at Evert van de Beekstraat 1, -140 1118CL Schiphol, Netherlands with office phone: +31 207 99 15 60.***

(b) ***Data Collection and Usage. In connection with the administration of the Plan, the Company collects, processes, uses and transfers certain personally-identifiable information about you, which may include your name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, details of all Awards or any other entitlement to shares of Common***

Stock awarded, canceled, exercised, settled, vested, unvested or outstanding in your favor and additional similar or related data, which the Company receives from you or the entity that employs you ("Personal Data"). Specifically, the Company collects, processes and uses Personal Data for the purposes of performing its contractual obligations under this Agreement, implementing, administering and managing your participation in the Plan and facilitating compliance with applicable tax and securities law.

If you are based in the EEA+, the legal basis, where required, for the processing of Personal Data by the Company is the necessity for the Company to (i) perform its contractual obligations under this Agreement, (ii) comply with legal obligations established in the EEA+, and/or (iii) pursue the legitimate interest of complying with legal obligations established outside of the EEA+.

If you are based outside of the EEA+, the legal basis, where required, for the processing of Data by the Company is your consent, as further described in (h) below.

(c) ***Stock Plan Administration Service Providers. The Company transfers Personal Data to E*TRADE Corporate Financial Services, Inc., and E*TRADE Securities LLC (collectively, "E*TRADE"), an independent service provider which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider, which will act in a similar manner, and share Personal Data with such service provider. The Company's service provider will open an account for you to receive and trade shares. The processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Plan.***

(d) ***International Data Transfers. The Company and E*TRADE are based in the United States. The country where you live may have different data privacy laws and protections than the United States. In particular, the United States does not have the same level of protections for personal data as countries in the EEA+. The European Commission requires U.S. companies to protect personal data leaving the EEA+ by certifying compliance with the EU-U.S. privacy shield program or implementing other safeguards such as the Standard Contractual Clauses adopted by the EU Commission.***

If you are based in the EEA+, Personal Data will be transferred from the EEA+ to the Company and onward from the Company to E*TRADE, or if applicable, another service provider, based on the EU Standard Contractual Clauses. You may request a copy of the Standard Contractual Clauses by contacting dataprotection@seagen.com.

If you are based in a jurisdiction outside of the EEA+, Personal Data will be transferred from your jurisdiction to the Company and onward from the Company to E*TRADE, or if applicable, another service provider based on your consent, as further described in (h) below.

(e) ***Data Retention. The Company will use Personal Data only as long as necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. When the***

Company no longer needs Personal Data for any of these purposes, the Company will remove it from its systems.

(f) ***Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. You may withdraw your consent at any time, with future effect and for any or no reason. If you do not consent, or if you later seek to withdraw your consent, your salary from or employment or service relationship with your employer will not be affected. The only consequence of denying or withdrawing consent is that the Company would not be able to grant Awards to you under the Plan or administer or maintain your participation in the Plan. If you withdraw your consent, the Company will stop processing your Personal Data for the purposes stated in section (b) above unless to the extent necessary to comply with tax or other legal obligations in connection with Awards granted before you withdrew your consent.***

(g) ***Data Subject Rights. You may have a number of rights under data privacy laws in your jurisdiction. Subject to the conditions set out in the applicable law and depending on where you are based, such rights may include the right to (i) request access to, or copies of, Personal Data processed by the Company, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrict the processing of Personal Data, (v) object to the processing of Personal Data for legitimate interests, (vi) portability of Personal Data, (vii) lodge complaints with competent authorities in your jurisdiction, and/or to (viii) receive a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding these rights or to exercise these rights, you can contact dataprotection@seagen.com.***

(h) ***Necessary Disclosure of Personal Data. You understand that providing the Company with Personal Data is necessary for the performance of this Agreement and that your refusal to provide Personal Data would make it impossible for the Company to perform its contractual obligations and would affect your ability to participate in the Plan.***

(i) ***Declaration of Consent (if you are outside the EEA+). By clicking on the "I accept" button on the Acknowledge Grant screen on the stock plan administration site, you are declaring that you unambiguously consent to the collection, use and transfer, in electronic or other form, of your Personal Data, as described above and in any other grant materials, by and among, as applicable, the entity that employs you, the Company, any Affiliate and any service provider involved in stock plan administration including but not limited to E*TRADE for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that you may, at any time, refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Seattle Genetics, Inc. Director of Privacy Law. If you do not consent or later seek to revoke your consent, your employment status or service with the entity that employs you will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Award or any other equity award to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing consent will affect your ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, you should contact the Company's Stock Plan Administrator.***

22. INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS. You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell the shares of Common Stock or rights to the shares of Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

23. FOREIGN ASSET/ACCOUNT AND TAX REPORTING, EXCHANGE CONTROLS. Your country may have certain foreign asset, account and/or tax reporting requirements and exchange controls which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country. You understand that you may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. In addition, you may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of shares of Common Stock. You acknowledge that you are responsible for complying with all such requirements, and that you should consult personal legal and tax advisors, as applicable, to ensure compliance.

24. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

25. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement, or any other document related to this Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. APPENDIX. Notwithstanding any provisions in this Agreement to the contrary, your Award shall be subject to the special terms and conditions for your country set forth in the Appendix. Moreover, if you transfer residence and/or employment to another country reflected in the Appendix, the terms and conditions for such country will apply to you to the extent the Company determines in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

27. GOVERNING LAW/VENUE. The interpretation, performance and enforcement of this Agreement will be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules. For purposes of any action, lawsuit or other proceedings brought due to your participation in the Plan, relating to it, or arising from it, you hereby submit to and consent to

the sole and exclusive jurisdiction of the United States District Court for the Southern District of New York (or should such court lack jurisdiction to hear such action, suit or proceeding, in a New York state court in the County of New York), and no other courts, where this Award is granted and/or to be performed.

28. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

29. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

SEATTLE GENETICS, INC.
APPENDIX TO STOCK UNIT AGREEMENT FOR NON-US PARTICIPANTS

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or in the Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern this Award if you reside and/or work in one of the countries listed below.

If you are a citizen or resident of a country other than the one in which the you are currently residing and/or working, transfer employment and/or residency to another country after the Award is granted, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions herein will apply to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of November 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that you acquire shares of Common Stock or sell shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation and the Company is not in a position to assure you of any particular result. Accordingly, you acknowledge that you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, you acknowledge that if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment and/or residency to another country after the Award is granted, or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you.

CANADA

Terms and Conditions

Settlement of Restricted Stock Units. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Restricted Stock Units will be settled in shares of Common Stock only, not cash.

Termination of Employment. This provision replaces the second paragraph of Section 2 of the Agreement:

For purposes of the your participation in the Plan, your right to vest in the Restricted Stock Units and receive shares of Common Stock under the Plan, if any, will terminate effective as of the date that is the earlier of (1) the date of your Termination of Employment; (2) the date on which you receive written notice of termination; or (3) the date you are no longer actively providing services to the Employer or any other Affiliate regardless of any notice period or period of pay in lieu of such notice mandated under applicable laws (including, but not limited to, statutory law and/or common law); the Board shall have exclusive discretion to determine when you are no longer actively employed for purposes of your participation in the Plan (including whether you may still be considered to be providing services while on a leave of absence).

The following provisions apply only if you reside in Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention («Agreement»), ainsi que cette Annexe, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 21 of the Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company, the Employer and/or any other Affiliate to disclose and discuss such information with their advisors. You also authorize the Company, the Employer and/or any other Affiliate to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You understand that you are permitted to sell shares of Common Stock acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided the sale of the shares acquired pursuant to the Plan takes place outside of Canada through

the facilities of a stock exchange on which the shares are listed, and the Company is not a reporting issuer in any jurisdiction of Canada at the time of sale.

Foreign Asset/Account Reporting Information. Specified Foreign property, including Stock Units, shares of Common Stock acquired under the Plan and other rights to receive shares of a non-Canadian company held by a Canadian resident must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the specified foreign property exceeds C$100,000 at any time during the year. Thus, if the C$100,000 cost threshold is exceeded by other foreign specified property held by the individual, the award of Restricted Stock Units must be reported (generally at a nil cost). For purposes of such reporting, shares of Common Stock acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if you own other shares of Common Stock (*e.g.,* acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other shares of Common Stock. You should consult with your personal tax advisor to determine your reporting requirements.

DENMARK

Terms and Conditions

Danish Stock Option Act. By accepting this Award, you acknowledge that you received an Employer Statement, translated into Danish, which is being provided to comply with the Danish Stock Option Act.

Notifications

Foreign Asset/Account Reporting Information. If you establish an account holding shares or cash outside of Denmark, you must report the account to the Danish Tax Administration. The form which should be used to make the report can be obtained from a local bank.

SPECIAL NOTICE FOR EMPLOYEES IN DENMARK
EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended January 1, 2019 (the "***Stock Option Act***"), you are entitled to receive the following information regarding the restricted stock units granted to you by Seattle Genetics, Inc. (the "***Company***") under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (the "***Plan***") in a written statement.

This statement contains information applicable to your participation in the Plan, as required under the Stock Option Act, while the other terms and conditions of your restricted stock units ("***Stock Units***") are described in detail in the Plan and the Stock Unit Award Agreement (the "***Agreement***"), both of which have been made available to you. Capitalized terms used but not defined herein shall have the same meanings given to them in the Plan or the Agreement, as applicable.

Section 1 of the Stock Option Act provides that the Stock Option Act only applies to employees. Employees are defined in section 2 of the Stock Option Act as persons who receive remuneration for their personal services in an employment relationship. Persons, including managers, who are not regarded as employees under the Stock Option Act, will not be subject to the Stock Option Act. If you are not an employee within the meaning of the Stock Option Act, the Company therefore has no obligation to issue an employer information statement to you and you will not be able to rely on this statement for legal purposes, since only the terms and conditions set out in the Plan apply.

1. Date of grant

   The date of grant of your Stock Units is the date that the Board or its delegates approved a grant for you and determined it would be effective, which is set forth in the Agreement.

2. Terms or conditions for Stock Unit grant

   The grant of Stock Units under the Plan is made at the sole discretion of the Company. Employees, Directors and Consultants of the Company and its Affiliates, are eligible to receive grants under the Plan. The Board has broad discretion to determine who will receive Stock Units and to set the terms and conditions of the Stock Units. The Company may decide, in its sole discretion, not to make any grants of Stock Units to you in the future. Under the terms of the Plan and the Agreement, you have no entitlement or claim to receive future grants of Stock Units.

3. Vesting date or period

   The Stock Units will vest over a period of time (as set forth in the Agreement), subject to your continuous service through the applicable vesting date and other conditions set forth in the Plan and Agreement, and subject to Section 5 of this statement.

4. Exercise Price

No exercise price is payable upon the conversion of your Stock Units into shares of Common Stock in accordance with the vesting and settlement schedule described in the Agreement.

5. Your rights upon termination of employment

Subject to the provisions below regarding accelerated vesting in certain circumstances, vesting will cease upon your Termination of Employment and the Stock Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the shares of Common Stock to be issued in respect of such portion of the Award.

In the event of your Termination of Employment as a result of your death or Disability, the vesting of your Award shall accelerate such that your Award shall become vested as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that your Award is outstanding on such date.

6. Financial aspects of participating in the Plan

The grant of Stock Units has no immediate financial consequences for you. The value of the Stock Units is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK
ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold som ændret 1. januar 2019 ("***Aktieoptionsloven***") er du berettiget til i en skriftlig erklæring at modtage følgende oplysninger om de betingede aktier, som du modtager fra Seattle Genetics, Inc. ("***Selskabet***") i henhold til Seattle Genetics, Inc.'s "Amended and Restated 2007 Equity Incentive Plan" ("***Ordningen***").

Denne erklæring indeholder de oplysninger, der i henhold til Aktieoptionsloven gælder for din deltagelse i Ordningen, mens de øvrige vilkår og betingelser for de betingede aktier ("***Betingede Aktier***") er nærmere beskrevet i Ordningen og i Aktietildelingsaftalen ("***Aftalen***"), som begge er udleveret til dig. Begreber, der står med stort begyndelsesbogstav i denne arbejdsgivererklæring, men som ikke er defineret heri, har den i Ordningen eller Aftalen anførte betydning.

I henhold til Aktieoptionslovens § 1 finder loven kun anvendelse for lønmodtagere. Lønmodtagere er defineret i Aktieoptionslovens § 2 som personer, der modtager vederlag for personligt arbejde i tjenesteforhold. Personer, herunder direktører, som ikke anses for at være lønmodtagere i Aktieoptionslovens forstand, er ikke omfattet af Aktieoptionsloven. Hvis du ikke er lønmodtager i Aktieoptionslovens forstand, er Selskabet derfor ikke forpligtet til at udstede en arbejdsgivererklæring til dig, og du vil ikke i juridisk henseende kunne henholde dig til denne arbejdsgivererklæring, da det alene er bestemmelserne i Ordningen, der er gældende.

1. Tildelingstidspunkt

   Tidspunktet for tildeling af de Betingede Aktier er den dag, hvor Bestyrelsen eller en repræsentant for Bestyrelsen godkendte tildelingen og besluttede, at den skulle træde i kraft. Tidspunktet fremgår af Aftalen.

2. Vilkår og betingelser for tildelingen af Betingede Aktier

   Tildelingen af Betingede Aktier i henhold til Ordningen sker efter Selskabets eget skøn. Tildeling kan i henhold til Ordningen ske til Medarbejdere, Bestyrelsesmedlemmer og Konsulenter i Selskabet og dets Tilknyttede Selskaber. Bestyrelsen har vide beføjelser til at bestemme, hvem der skal modtage Betingede Aktier og på hvilke vilkår. Selskabet kan frit vælge fremover ikke at tildele din nogen Betingede Aktier. I henhold til bestemmelserne i Ordningen og Aftalen har du ikke hverken ret til eller krav på fremover at få tildelt Betingede Aktier.

3. Modningsdato eller -periode

   De Betingede Aktier modnes over en periode (som anført i Aftalen), forudsat at du fortsat er ansat på modningsdatoen, og at de øvrige betingelser i Ordningen og i Aftalen er opfyldt, dog med forbehold for pkt. 5 nedenfor.

4. Udnyttelseskurs

Der skal ikke betales nogen udnyttelseskurs i forbindelse med konverteringen af de Betingede Aktier til Ordinære Aktier i overensstemmelse med den i Aftalen beskrevne modnings- og afregningsplan.

5. Din retsstilling i forbindelse med fratræden

Med forbehold for bestemmelserne nedenfor vedrørende fremskyndet modning ophører modningen ved din Fratræden, og de Betingede Aktier på din Konto, som ikke er modnet på fratrædelsestidspunktet, bortfalder uden omkostninger for Selskabet, og du vil ikke længere have ret eller adkomst til Tildelingen eller de Ordinære Aktier, der udstedes i relation til denne del af Tildelingen.

Såfremt du Fratræder, fordi du afgår ved døden eller bliver Uarbejdsdygtig, fremskyndes modningen af Tildelingen, således at Tildelingen modnes, som om du havde været ansat i en periode på yderligere tolv (12) måneder fra Fratrædelsesdatoen, såfremt Tildelingen endnu ikke er modnet på dette tidspunkt.

6. Økonomiske aspekter ved deltagelse i Ordningen

Tildelingen af Betingede Aktier har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af de Betingede Aktier indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier kendes ikke og kan ikke forudsiges med sikkerhed.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

FINLAND

There are no country-specific provisions.

FRANCE

Terms and Conditions

Non-Qualified Award. The Stock Units are not granted as a "French-qualified" Award and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 to L. 225-197-6 of the French Commercial Code, as amended.

Consent to Receive Information in English. By accepting this Award, you confirm having read and understood the Plan and the Agreement which were provided in the English language. You accept the terms of those documents accordingly.

*Consentement Relatif à la Langue Utilisée**.** En acceptant l'attribution, vous confirmez avoir lu et compris le Plan et ce Contrat, qui ont été communiqués en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.*

Notifications

Foreign Asset/Account Reporting Information. If you hold cash or shares of Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such assets and accounts to the French tax authorities on an annual basis on a specified form together with your income tax return. Failure to complete this reporting can trigger significant penalties.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of shares of Common Stock or the receipt of dividends, if any), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically and the form of report ("**Allgemeine Meldeportal Statistik**") can be accessed via the Bundesbank's website (www.bundesbank.de), in both German and English. You are responsible for making this report.

Foreign Asset/Account Reporting Information. If your acquisition of shares of Common Stock acquired under the Plan leads to a so-called qualified participation at any point during the calendar year, you may need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) the value of the shares of Common Stock exceeds €150,000, or (ii) in the unlikely event that you hold shares of Common Stock exceeding 10% of the Company's

share capital. However, if the shares of Common Stock are listed on a recognized U.S. stock exchange and you own less than 1% of the Company, this requirement will not apply to you.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting this Award, you acknowledge that you have received a copy of the Plan and the Agreement and reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

You further acknowledge that you have read and specifically and expressly approve the following sections of the Agreement: Section 11. Nature of Award; Section 12. Tax Obligations; Section 13. No Advice Regarding Grant; Section 20. Severability; Section 21. Data Privacy; Section 25. Language; Section 27. Governing Law/Venue; and Section 28. Imposition of Other Requirements.

Notifications

Foreign Asset/Account Reporting Information. If you are an Italian resident and at any time during the fiscal year hold investments or financial assets outside of Italy (e.g., cash, shares of Common Stock) which may generate income taxable in Italy (or if you are the beneficial owner of such an investment or asset, even if you do not directly hold the investment or asset under Italian money laundering provisions), you are required to report such investments or assets on your annual tax return for such fiscal year (on UNICO Form, RW Schedule) or on a special form if you are not required to file a tax return.

Foreign Financial Assets Tax. The fair market value of any shares of Common Stock held outside of Italy is subject to a foreign assets tax. Financial assets include shares of Common Stock acquired under the Plan. The taxable amount will be the fair market value of the financial assets assessed at the end of the calendar year. You should consult with your personal tax advisor about the foreign financial assets tax.

NETHERLANDS

There are no country-specific provisions.

PORTUGAL

Terms and Conditions

Consent to Receive Information in English. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. *Contratado, pelo presente instrumento, declara expressamente que*

tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e

concordou com os termos e condições estabelecidas no Plano e no Acordo

Notifications

Exchange Control Information. If you receive shares of Common Stock upon vesting and settlement of the Award, the acquisition of shares of Common Stock should be reported to the Banco de Portugal for statistical purposes. If shares of Common Stock are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on your behalf. If the shares of Common Stock are not deposited with a commercial bank or financial intermediary in Portugal, you are responsible for submitting the report to the Banco de Portugal.

SPAIN

Terms and Conditions

Labor Law Acknowledgment. The following provisions supplement Section 11 of the Agreement:

By accepting this Award, you agree to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand and agree that, except as otherwise provided in the Agreement, you will forfeit any Stock Units in the event of your Termination of Employment by reason of, but not limited to, resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*," individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Service Recipient and under Article 10.3 of the Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant Stock Units under the Plan to individuals who are employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliates on an ongoing basis except as set forth under the terms of the Plan and the Agreement. Consequently, you understand that any Award is given on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the Stock Units and shares of Common Stock is unknown and unpredictable and you may forfeit the Stock Units if your Termination of Employment occurs prior to vesting. In addition, you understand that this Award would not be made but for the assumptions and conditions referred to above; thus, you understand, acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then this Award shall be null and void.

Notifications

Exchange Control Information. The acquisition, ownership and sale of shares of Common Stock under the Plan must be declared for statistical purposes to the *Spanish Dirección General de Comercio e Inversiones* (the "***DGCI***"), the Bureau for Commerce and Investments, which is a department of the Ministry of Industry, Tourism and Commerce. Generally, the declaration must be made in January for shares of Common Stock owned as of December 31 of the prior year and/or shares of Common Stock acquired or disposed of during the prior year; however, if the value of shares of Common Stock acquired or disposed of or the amount of the sale proceeds exceeds €1,502,530 (or if you hold 10% or more of the share capital of the Company), the declaration must be filed within one month of the acquisition or disposition, as applicable.

In addition, you may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including shares of Common Stock acquired under the Plan), and any transactions with non-Spanish residents (including any payments of shares of Common Stock made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

Foreign Asset/Account Reporting Information. To the extent that you hold rights or assets (*i.e.,* cash or shares of Common Stock held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of right or asset (*e.g.,* shares of Common Stock, cash, etc.) as of December 31 each year, you are required to report information on such rights and assets on your tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. You should consult with your personal tax and legal advisors to ensure that you are properly complying with your reporting obligations.

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of this Award. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Terms and Conditions

Grant of the Award. The Award granted to a Swiss Participant is a voluntary gratuity (*Gratifikation*) as determined at the Company's sole discretion which the Participant has no entitlement to and which does not constitute an entitlement of the Participant for a grant of further Awards in the future.

Language Acknowledgement. Participant confirms having read and understood the documents relating to the Plan, including the Stock Unit Agreement and all terms and conditions included therein, which were provided in the English language only. Participant confirms having sufficient language capabilities to understand these terms and conditions in full.

Du bestätigst, dass du den Plan sowie die dazugehörigen Dokumente, inklusive der Vereinbarung, mit all den darin enthaltenen Bedingungen und Voraussetzungen, welche in englischer Sprache verfasst sind, gelesen und verstanden hast. Du bestätigst dass Deine Sprachkenntnisse genügend sind, um die Bedingungen und Voraussetzungen zu verstehen.

Notifications

Securities Law Information. Neither the Agreement nor any other materials relating to the Award (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("***FinSA***") (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company or (iii) has been filed with approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA.

UNITED KINGDOM

Terms and Conditions

Tax Obligations. The following provision supplements Section 12 of the Agreement:

Without limitation to Section 12 of the Agreement, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("***HMRC***") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the foregoing, if you are a director or an executive officer of the Company (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), you acknowledge that you may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by you, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Item(s) occurs may constitute an additional benefit to you on which additional income tax and National Insurance contributions ("***NICs***") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from you by any of the means referred to in the Plan or Section 12 of the Agreement.

NIC Joint Election. As a condition of your participation in the Plan and the vesting and settlement of the Award or receipt of any benefit in connection with the Award, you agree to accept any liability for secondary Class 1 NICs that may be payable by the Company or the Employer (or any successor to the Company or the Employer) in connection with the Award and any event giving rise to Tax-Related Items (the "***Employer's Liability***"). Without prejudice to the foregoing, you agree to enter into the following joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or elections. You further agree to enter into such other Joint Elections as may be required between you and any successor to the Company and/or the Employer for the purpose of continuing the effectiveness of the Joint Election. You further agree that the Company and/or the Employer may collect the Employer's Liability from you by any of the means set forth in Section 12 of the Agreement.

If you do not enter into the Joint Election prior to the vesting of the Award or any other event giving rise to Tax-Related Items, you will not be entitled to vest in the Award and receive shares of Common Stock (or receive any other benefit in connection with the Award) unless and until you enter into the Joint Election, and no shares of Common Stock or other benefit will be issued to you under the Plan, without any liability to the Company, the Employer or any other service recipient.

Exhibit 10.84

SEATTLE GENETICS, INC.
STOCK UNIT GRANT NOTICE
(AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN)

Seattle Genetics, Inc. (the ***"Company"***), pursuant to its Amended and Restated 2007 Equity Incentive Plan (the ***"Plan"***), hereby awards to Participant a Stock Unit Award for the number of stock units set forth below (the ***"Award"***). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Unit Agreement (including Exhibit A to the Stock Unit Agreement), both of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Stock Unit Agreement, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of the Award shall control with respect to any terms regarding a Change of Control or a Termination of Employment.

Participant: [Name]

Date of Grant: [Date]

Target Number of Stock Units Subject to Award (the "***Target Shares***"): [target shares to be inserted]

Maximum Number of Stock Units Subject to Award (the "***Maximum Shares***"): [maximum shares to be inserted]

Consideration: Participant's Services

Vesting Schedule: This Award shall vest in accordance with Section 2 of the Stock Unit Agreement and Exhibit A to the Stock Unit Agreement.

Issuance Schedule: The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 7 of the Stock Unit Agreement.

Sell to Cover Election: By accepting this Award, Participant hereby: (1) elects, effective on the date Participant accepts this Award, to sell shares of Common Stock issued in respect of the Award in an amount determined in accordance with Section 13(b) of the Stock Unit Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 13(b) of the Stock Unit Agreement (a ***"Sell to Cover"***); (2) directs the Company to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represents and warrants that (i) Participant has carefully reviewed Section 13(b) of the Stock Unit Agreement, (ii) on the date Participant accepts this Award he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Stock Unit Agreement, and is entering into the Stock Unit Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act, and (iii) it is Participant's intent that this election to Sell to Cover and Section 13(b) of the Stock Unit Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act. Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 13(b) of the Stock Unit Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 13(b) of the Stock Unit Agreement.**

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Stock Unit Agreement (including the provisions of Section 13(b) thereof with respect to the Sell to Cover and Exhibit A to the Stock Unit Agreement) and the Plan. Participant also acknowledges receipt of the Prospectus for the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Stock Unit Agreement (including Exhibit A to the Stock Unit Agreement) and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersede all prior oral and written agreements on that subject.

Participant's electronic acceptance shall signify Participant's execution of this Stock Unit Grant Notice and understanding that this Award is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall, Ph.D.
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

SEATTLE GENETICS, INC.
AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement (this "***Agreement***") and in consideration of your services, Seattle Genetics, Inc. (the "***Company***") has awarded you a Stock Unit Award (the "***Award***") under its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon your execution of the Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan or the Grant Notice, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of this Agreement shall control with respect to any terms regarding a Change of Control or a Termination of Employment. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of Common Stock that is equal to the number of stock units indicated in the Grant Notice (the "***Stock Units***"), contingent upon the performance criteria and the terms set forth in this Agreement (including Exhibit A to this Agreement). As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the maximum number of Stock Units subject to the Award. This Award was granted in consideration of your services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than past and future services to the Company) with respect to your receipt of the Award, the vesting of the Stock Units or the delivery of the Common Stock to be issued in respect of the Award.

2. VESTING.

(a) Subject to the terms of Sections 11, 12 and 13 of this Agreement, your Award will vest, if at all, in accordance with this Section 2 and the vesting terms provided in Exhibit A to this Agreement, provided that you have not incurred a Termination of Employment before the Vesting Date (as defined in Exhibit A to this Agreement). Except as set forth in this Agreement, upon your Termination of Employment, the Stock Units credited to the Account that were not vested on the date of such Termination of Employment will be forfeited at no cost to the Company and you will have no further right, title or interest in the Stock Units or the shares of Common Stock to be issued in respect of the Award. By accepting the grant of this Award, you acknowledge and agree that the terms set forth in this Agreement (including the vesting terms provided in Exhibit A to this Agreement) supersede any contrary terms regarding the vesting of this Award set forth in any notice or other communication that you receive from, or that is displayed by, E*TRADE or other third party designated by the Company.

(b) The Grant Notice sets forth the target and maximum number of Stock Units that shall vest in connection with the achievement of the performance condition determined by the Compensation Committee of the Board of Directors of the Company (the "***Committee***") and set forth in the Performance Goal Grid in Exhibit A to this Agreement (the "***Performance Goal Grid***").

(c) The Committee shall certify the level of achievement of the performance condition and the associated number of Stock Units that shall be entitled to vest pursuant to the terms of this Agreement (the "***Certified Shares***") in accordance with Exhibit A to this Agreement. Subject to the terms of Sections 11 and 12 of this Agreement, no Stock Units subject to your Award shall become Certified Shares unless and until the Committee certifies that the performance condition has been achieved. The Committee will have the full authority to determine whether the performance condition was achieved and approve the Certified Shares in accordance with Exhibit A to this Agreement; *provided, however*, that such Certified Shares may not exceed the Maximum Shares (as set forth in the Grant Notice, subject to Section 4 of this Agreement) and subject to the terms of Sections 11 and 12 of this Agreement, in the event of performance below the Threshold (as defined in Exhibit A to this Agreement), none of the Stock Units will vest and you will have no further right, title or interest in the Stock Units. Any Certified Shares will vest on the Vesting Date (as defined in Exhibit A to this Agreement), subject to the terms of Sections 2(a), 11, 12 and 13 of this Agreement.

(d) Subject to the terms of Sections 11 and 12 of this Agreement, in the event that the performance condition is not fully or partially achieved, the related Stock Units will not vest and will be forfeited effective as of the last day of the Performance Period (as defined in Exhibit A to this Agreement), subject to earlier forfeiture in the event of your Termination of Employment (except as set forth in this Agreement), and you will have no further right, title or interest in the Stock Units associated with such performance condition.

3. FORFEITURE OF AWARD NOT TIMELY ACCEPTED. The Award is conditioned upon your electronic acceptance of the Award, as set forth in the Grant Notice. Notwithstanding the foregoing or anything in this Agreement to the contrary, if you fail to accept the Award prior to the vesting dates set forth in the Grant Notice, the portion of the Award that otherwise would have vested on each such date will be forfeited at no cost to the Company, and you will have no further right, title or interest in such portion. In the event of your Termination of Employment as a result of your death or Disability prior to acceptance of the Award, the Company will deem the Award as being accepted.

4. NUMBER OF SHARES.

(a) The number of Stock Units subject to your Award may be adjusted from time to time for changes in capitalization, as provided in Section 13 of the Plan.

(b) Any additional Stock Units that become subject to the Award pursuant to this Section 4 shall be subject, in a manner determined by the Administrator, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units covered by your Award.

(c) Notwithstanding the provisions of this Section 4, no fractional shares of Common Stock or rights for fractional shares of Common Stock shall be created pursuant to this Section 4. The Administrator shall, in its discretion, determine an equivalent benefit for any fractional shares of Common Stock or fractional shares of Common Stock that might be created by the adjustments referred to in this Section 4.

5. SECURITIES LAW COMPLIANCE. You may not be issued any shares of Common Stock in respect of your Award unless either (i) such shares are registered under the Securities Act of 1933, as amended (the ***"Securities Act"***); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information deemed necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

6. TRANSFER RESTRICTIONS. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until such shares are issued to you in accordance with Section 7 of this Agreement. After such shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death pursuant to this Agreement.

7. DATE OF ISSUANCE.

(a) If the Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), then subject to Section 13, the Company will deliver to you a number of shares of Common Stock equal to the number of Certified Shares, including any additional Certified Shares resulting from any Stock Units received pursuant to Section 4 above, on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 13(a) hereof) by withholding shares of Common Stock from the shares of Common Stock otherwise due, on the Original Issuance Date, to you under this Award pursuant to Section 13 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 13(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of Common Stock on the open market, as applicable (and regardless of whether there has been a Termination of Employment before such time), but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the Stock Units vest. Delivery of the shares of Common Stock pursuant to the provisions of this Section 7(a) is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. The form of such delivery of the shares of Common Stock (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) The provisions of this Section 7(b) are intended to apply if the Award is subject to Section 409A because of the

terms of a severance arrangement or other agreement between you and the Company, if any, that provide for acceleration of vesting of the Award upon your separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) or 1.409A-1(b)(9) ("***Non-Exempt Severance Arrangement***"). If the Award is subject to and not exempt from application of Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions in this Section 7(b) shall supersede anything to the contrary in Section 7(a).

(i) If the Award vests in the ordinary course before your Termination of Employment in accordance with Section 2 of this Agreement and Exhibit A to this Agreement, without accelerating vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares of Common Stock to be issued in respect of your Award be issued any later than the later of: (A) December 31st of the calendar year that includes the applicable vesting date and (B) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Award and, therefore, are part of the terms of the Award as of the date of grant, then the shares of Common Stock will be earlier issued in respect of your Award upon your Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of your Separation from Service. However, if at the time the shares of Common Stock would otherwise be issued you are subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of your Separation from Service, or, if earlier, the date of your death that occurs within such six-month period.

(iii) If either (A) vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Award and, therefore, are not a part of the terms of the Award on the date of grant, or (B) vesting accelerates pursuant to Section 4(b) of the Plan, then such acceleration of vesting of the Award shall not accelerate the issuance date of the shares of Common Stock (or any substitute property), but such shares (or substitute property) shall instead be issued on the same schedule as set forth in Exhibit A to this Agreement as if they had vested in the ordinary course before your Termination of Employment, notwithstanding the vesting acceleration of the Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Notwithstanding anything to the contrary set forth herein, the Company explicitly reserves the right to earlier issue the shares of Common Stock in respect of the Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(d) The provisions in this Agreement for delivery of the shares of Common Stock in respect of the Award are intended either to comply with the requirements of Section 409A or to provide a basis for exemption from such requirements so that the delivery of such shares will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

8. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a change in capitalization as provided in Section 4 of this Agreement; *provided, however*, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. RESTRICTIVE LEGENDS. The shares of Common Stock issued in respect of your Award shall be endorsed with appropriate legends determined by the Company.

10. AWARD NOT A SERVICE CONTRACT.

(a) Your service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to this Agreement (including Exhibit A to this Agreement) or the issuance of the shares of Common Stock in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate

you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to vest in the Award pursuant to this Agreement (including Exhibit A to this Agreement) is earned according to the terms of this Agreement (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in your Termination of Employment, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award, except as otherwise provided in this Agreement. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting terms set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your service at any time, with or without cause and with or without notice.

11. CHANGE OF CONTROL. Notwithstanding anything to the contrary in this Agreement, the Plan or any written agreement between you and the Company (including the Amended & Restated Executive Employment Agreement entered into as of October 25, 2018 between you and the Company (the "***Employment Agreement***")), but subject to Section 409A as described in Section 7 above, in the event a Change of Control (as defined in the Employment Agreement) occurs before the last day of the Performance Period (as defined in Exhibit A to this Agreement), the following shall apply:

(a) Determination of Certified Shares. Prior to the effective time of the Change of Control, the Committee will determine the number of Certified Shares in the manner specified in Exhibit A to this Agreement.

(b) Award May Be Assumed. If the acquirer or successor (or its parent or subsidiary corporation) in the Change of Control (the "***Acquirer***") assumes this Award in a manner consistent with Section 13(c) of the Plan, then the Certified Shares will vest on the last day of the Performance Period (as defined in Exhibit A to this Agreement), provided that, except as set forth below, you have not incurred a Termination of Employment prior to such date.

(c) If Award Is Not Assumed. If the Acquirer determines that it will not assume the Award in the Change of Control, then the provisions of Section 13(c) of the Plan shall apply with respect to the Certified Shares and references to "fully vested" in such section shall mean the number of Certified Shares determined in accordance with Section 11(a) of this Agreement.

(d) Change of Control and Involuntary Termination. If you incur an Involuntary Termination (as defined in the Employment Agreement) immediately prior to or within 12 months after the Change of Control, then the provisions of Section 4.1 of the Employment Agreement shall apply with respect to the Certified Shares and references to "fully vested" in such section shall mean the number of Certified Shares determined in accordance with Section 11(a) of this Agreement.

12. TERMINATION OF EMPLOYMENT. Notwithstanding anything to the contrary in this Agreement, the Plan or any written agreement between you and the Company (including the Employment Agreement), but subject to Section 409A as described in Section 7 above, in the event your Termination of Employment occurs before the last day of the Performance Period (as defined in Exhibit A to this Agreement), the following shall apply:

(a) If such Termination of Employment is due to your death or Disability (as defined in the Employment Agreement) and the Award is outstanding on the date of such Termination of Employment, then the Committee will determine the number of Certified Shares in the manner specified in Exhibit A to this Agreement and the Certified Shares will vest on the date of such Termination of Employment or as soon as administratively practicable thereafter, but no later than sixty (60) days following such Termination of Employment.

(b) If such Termination of Employment is not due to your death or Disability (as defined in the Employment Agreement), then to the extent the Award is outstanding on the date of such Termination of Employment, (i) you will forfeit the Award as of the date of such Termination of Employment and (ii) the Award will terminate as of the date of such Termination of Employment and your eligibility for any future or additional benefits under the Award will terminate as of such date. For clarity, this Section 12 shall supersede the provisions of Section 4.1 of the Employment Agreement which set forth the treatment of the Award if you incur an Involuntary Termination (as defined in the Employment Agreement) (other than as provided under Section 11(d) above), which provisions shall not be applicable for purposes of this Award.

13. WITHHOLDING OBLIGATIONS.

(a) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any time

thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with your Award (the "***Withholding Obligation***").

(b) By accepting this Award, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 13(b) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 13(c) hereof and (ii) further acknowledge and agree to the following provisions:

(i) You hereby irrevocably appoint E*Trade, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 7 hereof in connection with the vesting of the Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 13(c) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

(4) Remit any remaining funds to you.

(ii) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 13(b) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (your election to Sell to Cover and the provisions of this Section 13(b), collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this Award, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 13(b)(i) to satisfy your obligations hereunder.

(iii) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act, (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 13(b)(i)(1) above.

(iv) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 13(b) and the terms of this 10b5-1 Plan.

(vi) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. Upon acceptance of the Award, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Stock Units and the related issuance of shares of Common Stock has been satisfied.

(c) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 13(b), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to you by the Company; and/or

(iii) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 7) equal to the amount of the Withholding Obligation; *provided, however*, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's or Affiliate's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such other amount as may be permitted while still avoiding classification of the Award as a liability for financial accounting purposes).

(d) Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(e) In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

14. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares of Common Stock pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares of Common Stock to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 7 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy on trading in Company securities permitting employees to sell shares of Common Stock only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

16. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company, the Agent or another third party designated by the Company and agree notice shall be provided upon posting to your electronic account held by the Company, the Agent or another third party designated by the Company.

17. CLAWBACK/RECOUPMENT. The Award will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of this Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between you and the Company. No recovery of compensation under such a clawback policy will be an event giving rise to your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

18. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

19. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein and other than with respect to any terms set forth in Section 11, Section 12 and Section 13 of the Agreement, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

20. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

22. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

Exhibit 10.85

SEATTLE GENETICS, INC.
STOCK UNIT GRANT NOTICE
(AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN)

Seattle Genetics, Inc. (the ***"Company"***), pursuant to its Amended and Restated 2007 Equity Incentive Plan (the ***"Plan"***), hereby awards to Participant a Stock Unit Award for the number of stock units set forth below (the ***"Award"***). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Unit Agreement, both of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Stock Unit Agreement. Except as explicitly provided herein, in the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant:	%%FIRST_NAME%-% %%MIDDLE_NAME%-% %%LAST_NAME%-%
Date of Grant:	%%OPTION_DATE,'MM/DD/YYYY'%-%
Vesting Commencement Date:	%%VEST_BASE_DATE,'MM/DD/YYYY'%-%
Number of Stock Units Subject to Award:	%%TOTAL_SHARES_GRANTED,'999,999,999'%-%
Vesting Schedule:	Subject to Section 2 of the Stock Unit Agreement, the Award shall vest on the below vesting date(s). Notwithstanding the following, vesting shall terminate upon the Participant's Termination of Employment.

%%VEST_DATE_PERIOD1,'MM/DD/YYYY'%-%	%%SHARES_PERIOD1%-%
%%VEST_DATE_PERIOD2,'MM/DD/YYYY'%-%	%%SHARES_PERIOD2%-%
%%VEST_DATE_PERIOD3,'MM/DD/YYYY'%-%	%%SHARES_PERIOD3%-%
%%VEST_DATE_PERIOD4,'MM/DD/YYYY'%-%	%%SHARES_PERIOD4%-%

Consideration:	Participant's Services

Issuance Schedule: The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 7 of the Stock Unit Agreement.

Sell to Cover Election: By accepting this Award, Participant hereby: (1) elects, effective on the date Participant accepts this Award, to sell shares of Common Stock issued in respect of the Award in an amount determined in accordance with Section 11(b) of the Stock Unit Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 11(b) of the Stock Unit Agreement (a ***"Sell to Cover"***); (2) directs the Company to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represents and warrants that (i) Participant has carefully reviewed Section 11(b) of the Stock Unit Agreement, (ii) on the date Participant accepts this Award he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Stock Unit Agreement, and is entering into the Stock Unit Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act, and (iii) it is Participant's intent that this election to Sell to Cover and Section 11(b) of the Stock Unit Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act. The Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 11(b) of the Stock Unit Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 11(b) of the Stock Unit Agreement.**

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Stock Unit Agreement (including the provisions of Section 11(b) thereof with respect to the Sell to Cover) and the Plan. Participant also acknowledges receipt of the Prospectus for the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject, with the exception of any arrangement that would provide for vesting acceleration of the Award upon the terms and conditions set forth therein.

Participant's electronic acceptance shall signify Participant's execution of this Stock Unit Grant Notice and understanding that this Award is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall, Ph.D.
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

SEATTLE GENETICS, INC.
AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement (this "***Agreement***") and in consideration of your services, Seattle Genetics, Inc. (the "***Company***") has awarded you a Stock Unit Award (the "***Award***") under its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon your execution of the Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan or the Grant Notice, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of stock units indicated in the Grant Notice (the "***Stock Units***"). As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Stock Units subject to the Award. This Award was granted in consideration of your services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than past and future services to the Company) with respect to your receipt of the Award, the vesting of the Stock Units or the delivery of the Common Stock to be issued in respect of the Award.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that you have not incurred a Termination of Employment before the vesting date set forth in the Grant Notice. Upon your Termination of Employment, the Stock Units credited to the Account that were not vested on the date of such Termination of Employment will be forfeited at no cost to the Company and you will have no further right, title or interest in the Stock Units or the shares of Common Stock to be issued in respect of the Award.

Notwithstanding the foregoing or anything in this Agreement to the contrary, in the event of your Termination of Employment as a result of your death or Disability, the vesting of your Award shall accelerate such that your Award shall become vested as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that your Award is outstanding on such date.

3. FORFEITURE OF AWARD NOT TIMELY ACCEPTED. The Award is conditioned upon your electronic acceptance of the Award, as set forth in the Grant Notice. Notwithstanding the foregoing or anything in this Agreement to the contrary, if you fail to accept the Award prior to the vesting dates set forth in the Grant Notice, the portion of the Award that otherwise would have vested on each such date will be forfeited at no cost to the Company, and you will have no further right, title or interest in such portion. In the event of your Termination of Employment as a result of your death or Disability prior to acceptance of the Award, the Company will deem the Award as being accepted.

4. NUMBER OF SHARES.

(a) The number of Stock Units subject to your Award may be adjusted from time to time for changes in capitalization, as provided in Section 13 of the Plan.

(b) Any additional Stock Units that become subject to the Award pursuant to this Section 4 shall be subject, in a manner determined by the Administrator, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units covered by your Award.

(c) Notwithstanding the provisions of this Section 4, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 4. The Administrator shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 4.

5. SECURITIES LAW COMPLIANCE. You may not be issued any shares in respect of your Award unless either (i) the shares are registered under the Securities Act of 1933, as amended (the ***"Securities Act"***); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information deemed necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

6. TRANSFER RESTRICTIONS. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 7 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death pursuant to this Agreement.

7. DATE OF ISSUANCE.

(a) If the Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), the Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested Stock Units subject to your Award, including any additional Stock Units received pursuant to Section 4 above that relate to those vested Stock Units on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 11(a) hereof) by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award pursuant to Section 11 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 11(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of the Company's Common Stock on the open market, as applicable (and regardless of whether there has been a Termination of Employment before such time), but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the Stock Units vest. Delivery of the shares pursuant to the provisions of this Section 7(a) is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. The form of such delivery of the shares (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) The provisions of this Section 7(b) are intended to apply if the Award is subject to Section 409A because of the terms of a severance arrangement or other agreement between you and the Company, if any, that provide for acceleration of vesting of the Award upon your separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) or 1.409A-1(b)(9) ("***Non-Exempt Severance Arrangement***"). If the Award is subject to and not exempt from application of Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions in this Section 7(b) shall supersede anything to the contrary in Section 7(a).

(i) If the Award vests in the ordinary course before your Termination of Employment in accordance with the vesting schedule set forth in the Grant Notice, without accelerating vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares to be issued in respect of your Award be issued any later than the later of: (A) December 31st of the calendar year that includes the applicable vesting date and (B) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Award and, therefore, are part of the terms of the Award as of the date of grant, then the shares will be earlier issued in respect of your Award upon your Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of your Separation from Service. However, if at the time the shares would otherwise be issued you are subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of your Separation from Service, or, if earlier, the date of your death that occurs within such six-month period.

(iii) If either (A) vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Award and, therefore, are not a part of the terms of the Award on the date of grant, or (B) vesting accelerates pursuant to Section 4(b) or Section 13 of the Plan, then such acceleration of vesting of the Award shall not accelerate the issuance date of the

shares (or any substitute property), but the shares (or substitute property) shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course before your Termination of Employment, notwithstanding the vesting acceleration of the Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Notwithstanding anything to the contrary set forth herein, the Company explicitly reserves the right to earlier issue the shares in respect of any Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(d) The provisions in this Agreement for delivery of the shares in respect of the Award are intended either to comply with the requirements of Section 409A or to provide a basis for exemption from such requirements so that the delivery of the shares will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

8. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a change in capitalization as provided in Section 13 of the Plan; *provided, however*, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. RESTRICTIVE LEGENDS. The shares issued in respect of your Award shall be endorsed with appropriate legends determined by the Company.

10. AWARD NOT A SERVICE CONTRACT.

(a) Your service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in Section 2 herein or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in Section 2 is earned only by continuing as an employee, director or consultant at the will of the Company (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in your Termination of Employment, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your service at any time, with or without cause and with or without notice.

11. WITHHOLDING OBLIGATIONS.

(a) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with your Award (the "***Withholding Obligation***").

(b) By accepting this Award, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 11(b) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 11(c) hereof and (ii) further acknowledge and agree to the following provisions:

(i) You hereby irrevocably appoint E*Trade, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 7 hereof in connection with the vesting of the Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 11(c) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

(4) Remit any remaining funds to you.

(ii) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 11(b) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (your election to Sell to Cover and the provisions of this Section 11(b), collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this Award, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 11(b)(i) to satisfy your obligations hereunder.

(iii) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act, (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 11(b)(i)(1) above.

(iv) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 11(b) and the terms of this 10b5-1 Plan.

(vi) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. Upon acceptance of the Award, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Stock Units and the related issuance of shares of Common Stock has been satisfied.

(c) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 11(b), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to you by the Company; and/or

(iii) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 7) equal to the amount of the Withholding Obligation; *provided, however*, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's or Affiliate's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such other amount as may be permitted while still avoiding classification of the Award as a liability for financial accounting purposes).

(d) Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(e) In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 7 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

13. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy on trading in Company securities permitting employees to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

14. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company, the Agent or another third party designated by the Company and agree notice shall be provided upon posting to your electronic account held by the Company, the Agent or another third party designated by the Company.

15. CLAWBACK/RECOUPMENT. The Award will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of this Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between you and the Company. No recovery of compensation under such a clawback policy will be an event giving rise to your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

16. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

17. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

18. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

19. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

20. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

Exhibit 10.86

SEATTLE GENETICS, INC.
STOCK UNIT GRANT NOTICE FOR NON-US PARTICIPANTS
(AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN)

Seattle Genetics, Inc. (the ***"Company"***), pursuant to its Amended and Restated 2007 Equity Incentive Plan (the ***"Plan"***), hereby awards to Participant a Stock Unit Award for the number of stock units set forth below (the ***"Award"***). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Unit Agreement (including any special terms and conditions for Participant's country set forth in the attached appendix (the ***"Appendix"***)), both of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Stock Unit Agreement. Except as explicitly provided herein, in the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control.

Participant: %%FIRST_NAME%-% %%MIDDLE_NAME%-% %%LAST_NAME%-%

Date of Grant: %%OPTION_DATE,'MM/DD/YYYY'%-%

Vesting Commencement Date: %%VEST_BASE_DATE,'MM/DD/YYYY'%-%

Number of Stock Units
Subject to Award: %%TOTAL_SHARES_GRANTED,'999,999,999'%-%

Vesting Schedule: Subject to Section 2 of the Stock Unit Agreement, the Award shall vest on the below vesting date(s). Notwithstanding the following, vesting shall terminate upon the Participant's Termination of Employment.

%%VEST_DATE_PERIOD1,'MM/DD/YYYY'%-%	%%SHARES_PERIOD1%-%
%%VEST_DATE_PERIOD2,'MM/DD/YYYY'%-%	%%SHARES_PERIOD2%-%
%%VEST_DATE_PERIOD3,'MM/DD/YYYY'%-%	%%SHARES_PERIOD3%-%
%%VEST_DATE_PERIOD4,'MM/DD/YYYY'%-%	%%SHARES_PERIOD4%-%

Consideration: Participant's Services

Issuance Schedule: The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 7 of the Stock Unit Agreement.

Sell to Cover Election: By accepting this Award, Participant hereby: (1) elects, effective on the date Participant accepts this Award, to sell shares of Common Stock issued in respect of the Award in an amount determined in accordance with Section 12(b) of the Stock Unit Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 12(b) of the Stock Unit Agreement (a ***"Sell to Cover"***); (2) directs the Company to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represents and warrants that (i) Participant has carefully reviewed Section 12(b) of the Stock Unit Agreement, (ii) on the date Participant accepts this Award he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Stock Unit Agreement, and is entering into the Stock Unit Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws), and (iii) it is Participant's intent that this election to Sell to Cover and Section 12(b) of the Stock Unit Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws). The Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 12(b) of the Stock Unit Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 12(b) of the Stock Unit Agreement.**

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Stock Unit Agreement (including the provisions of Section 12(b) thereof with respect to the Sell to Cover and the Appendix) and the Plan. Participant also acknowledges receipt of the Prospectus for the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject, with the exception of any arrangement that would provide for vesting acceleration of the Award upon the terms and conditions set forth therein.

Participant's electronic acceptance shall signify Participant's execution of this Stock Unit Grant Notice and understanding that this Award is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall

Clay B. Siegall, Ph.D.
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

SEATTLE GENETICS, INC.
AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT FOR NON-US PARTICIPANTS

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement, including any special terms and conditions for your country set forth in the appendix attached hereto (this "***Agreement***"), Seattle Genetics, Inc. (the "***Company***") has awarded you a Stock Unit Award (the "***Award***") under its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon your execution of the Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan or the Grant Notice, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of stock units indicated in the Grant Notice (the "***Stock Units***"). As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Stock Units subject to the Award. This Award is granted in consideration of your services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than future services to the Company) with respect to your receipt of the Award, the vesting of the Stock Units or the delivery of the Common Stock to be issued in respect of the Award.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that you have not incurred a Termination of Employment before the vesting date set forth in the Grant Notice. Upon your Termination of Employment, the Stock Units credited to the Account that were not vested on the date of such Termination of Employment will be forfeited at no cost to the Company and you will have no further right, title or interest in the Stock Units or the shares of Common Stock to be issued in respect of the Award. By accepting the grant of this Award, you acknowledge and agree that the terms set forth in this Section 2 supersede any contrary terms regarding the vesting of this Award set forth in any notice or other communication that you receive from, or that is displayed by, E*TRADE or other third party designated by the Company.

For purposes of your Award, your Termination of Employment will be considered to be (regardless of the reason of termination, whether or not later found to be invalid or in breach of employment or other laws or rules in the jurisdiction where you are providing services or the terms of your employment or service agreement, if any) effective as of the date that you cease to actively provide services to the Company or any Affiliate and will not be extended by any notice period (e.g., employment or service would not include any contractual notice period or any period of

"garden leave" or similar period mandated under employment or other laws in the jurisdiction where you are employed or providing services or the terms of your employment or service agreement, if any). The Administrator shall have exclusive discretion to determine when you are no longer actively employed or providing services for purposes of the Plan (including whether you still may be considered to be providing services while on a leave of absence).

Notwithstanding the foregoing or anything in this Agreement to the contrary, in the event of your Termination of Employment as a result of your death or Disability, the vesting of your Award shall accelerate such that your Award shall become vested as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that your Award is outstanding on such date.

3. FORFEITURE OF AWARD NOT TIMELY ACCEPTED. The Award is conditioned upon your electronic acceptance of the Award, as set forth in the Grant Notice. Notwithstanding the foregoing or anything in this Agreement to the contrary, if you fail to accept the Award prior to the vesting dates set forth in the Grant Notice, the portion of the Award that otherwise would have vested on each such date will be forfeited at no cost to the Company, and you will have no further right, title or interest in such portion. In the event of your Termination of Employment as a result of your death or Disability prior to acceptance of the Award, the Company will deem the Award as being accepted.

4. NUMBER OF SHARES.

(a) The number of Stock Units subject to your Award may be adjusted from time to time for changes in capitalization, as provided in Section 13 of the Plan.

(b) Any additional Stock Units that become subject to the Award pursuant to this Section 4 shall be subject, in a manner determined by the Administrator, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units covered by your Award.

(c) Notwithstanding the provisions of this Section 4, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 4. The Administrator shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 4.

5. SECURITIES LAW COMPLIANCE. You may not be issued any shares in respect of your Award unless either (i) the shares are registered under the Securities Act of 1933, as amended (the ***"Securities Act"***) (or other applicable securities laws in the case of Participants not subject to U.S. securities laws); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws). Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information deemed necessary to evaluate the merits and risks of receipt of the

Award, (b) have had the opportunity to ask questions concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

6. TRANSFER RESTRICTIONS. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 7 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws.

7. DATE OF ISSUANCE.

(a) If the Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), the Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested Stock Units subject to your Award, including any additional Stock Units received pursuant to Section 4 above that relate to those vested Stock Units on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 12(a) hereof) by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award pursuant to Section 12 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 12(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of the Company's Common Stock on the open market, as applicable (and regardless of whether there has been a Termination of Employment before such time), but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the Stock Units vest. Delivery of the shares pursuant to the provisions of this Section 7(a) is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. The form of such delivery of the shares (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) The provisions of this Section 7(b) are intended to apply if the Award is subject to Section 409A because of the terms of a severance arrangement or other agreement between

you and the Company, if any, that provide for acceleration of vesting of the Award upon your separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) or 1.409A-1(b)(9) ("***Non-Exempt Severance Arrangement***"). If the Award is subject to and not exempt from application of Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions in this Section 7(b) shall supersede anything to the contrary in Section 7(a).

(i) If the Award vests in the ordinary course before your Termination of Employment in accordance with the vesting schedule set forth in the Grant Notice, without accelerating vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares to be issued in respect of your Award be issued any later than the later of: (A) December 31st of the calendar year that includes the applicable vesting date and (B) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Award and, therefore, are part of the terms of the Award as of the date of grant, then the shares will be earlier issued in respect of your Award upon your Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of your Separation from Service. However, if at the time the shares would otherwise be issued you are subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of your Separation from Service, or, if earlier, the date of your death that occurs within such six-month period.

(iii) If either (A) vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Award and, therefore, are not a part of the terms of the Award on the date of grant, or (B) vesting accelerates pursuant to Section 4(b) or Section 13 of the Plan, then such acceleration of vesting of the Award shall not accelerate the issuance date of the shares (or any substitute property), but the shares (or substitute property) shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course before your Termination of Employment, notwithstanding the vesting acceleration of the Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Notwithstanding anything to the contrary set forth herein, the Company explicitly reserves the right to earlier issue the shares in respect of any Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(d) The provisions in this Agreement for delivery of the shares in respect of the Award are intended either to comply with the requirements of Section 409A or to provide a basis for exemption from such requirements so that the delivery of the shares will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

8. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a change in capitalization as provided in Section 13 of the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. RESTRICTIVE LEGENDS. The shares issued in respect of your Award shall be endorsed with appropriate legends determined by the Company.

10. AWARD NOT A SERVICE CONTRACT.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in Section 2 herein or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate your employment without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in Section 2 is earned only by continuing as an employee, director or consultant of the Company or Affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in your Termination of Employment, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your service at any time, with or without cause and with or without notice.

11. NATURE OF AWARD. In accepting your Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;

(b) the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Awards (whether on the same or different terms), or benefits in lieu of an Award, even if an Award has been granted in the past;

(c) all decisions with respect to future awards of Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) the Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the future value of the shares of Common Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

(g) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from your Termination of Employment (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or rendering services or the terms of your employment agreement, if any);

(h) unless otherwise provided herein, in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock;

(i) unless otherwise agreed with the Company, the Award and the shares of Common Stock subject to the Award, and the income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate;

(j) if the Award vests and you are issued shares of Common Stock, the value of such shares of Common stock may increase or decrease in value following the date the shares of Common Stock are issues; even below the Fair Market Value on the date the Award is granted to you;

(k) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments.

(l) the Award and the shares of Common Stock subject to the Award, and the income and value of same, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's benefit plans.

12. TAX OBLIGATIONS.

(a) By accepting this Award, you acknowledge that, regardless of any action taken by the Company or any Affiliate the ultimate liability for any and all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("***Tax-Related Items***") is and remains your responsibility and may exceed the amount actually withheld by the Company or its Affiliates, if any. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or its Affiliates may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award.

(b) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy any and all Tax-Related Items (the "***Withholding Obligation***").

(c) By accepting this Award, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 12(c) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 12(d) hereof and (ii) further acknowledge and agree to the following provisions:

(i) You hereby irrevocably appoint E*Trade, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 7 hereof in connection with the vesting of the Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 12(d) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

(4) Remit any remaining funds to you.

(ii) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 12(c) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) (your election to Sell to Cover and the provisions of this Section 12(c), collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this Award, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 12(c)(i) to satisfy your obligations hereunder.

(iii) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws), (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 12(c)(i)(1) above.

(iv) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the

purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 12(c) and the terms of this 10b5-1 Plan.

(vi) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. Upon acceptance of the Award, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Stock Units and the related issuance of shares of Common Stock has been satisfied.

(d) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 12(c), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to you by the Company; and/or

(iii) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 7) equal to the amount of the Withholding Obligation.

(e) Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(f) In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

13. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the consequences of accepting this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

14. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 7 of this Agreement. Upon

such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

15. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy on trading in Company securities permitting employees to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

16. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company, the Agent or another third party designated by the Company and agree notice shall be provided upon posting to your electronic account held by the Company, the Agent or another third party designated by the Company.

17. CLAWBACK/RECOUPMENT. The Award will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of this Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between you and the Company. No recovery of compensation under such a clawback policy will be an event giving rise to your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

18. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) You acknowledge and agree that the Company shall not be liable for any exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your Award or of any amounts due to you pursuant to the settlement of the Award or the subsequent sale of any shares of Common Stock acquired upon settlement.

(e) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

19. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided herein, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

20. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. DATA PRIVACY. ***To participate in the Plan, you will need to review the information provided in this Section and, where applicable, declare your consent to the processing of personal data by the Company and third parties noted below.***

(a) ***EEA+ Controller and Representative. If you are based in the European Union ("EU"), the European Economic Area, Switzerland or, if and when the United Kingdom leaves the European Union, the United Kingdom (collectively "EEA+"), you should note that the Company, with its registered address at 21823 30th Drive SE Bothell, Washington 98021, United States of America, is the controller responsible for the processing of your personal data in connection with the Agreement and the Plan. The Company's representative in the EU is Seagen Netherlands B.V., located at Evert van de Beekstraat 1, -140 1118CL Schiphol, Netherlands with office phone: +31 207 99 15 60.***

(b) ***Data Collection and Usage. In connection with the administration of the Plan, the Company collects, processes, uses and transfers certain personally-identifiable information about you, which may include your name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, details of all Awards or any other entitlement to shares of Common***

Stock awarded, canceled, exercised, settled, vested, unvested or outstanding in your favor and additional similar or related data, which the Company receives from you or the entity that employs you ("Personal Data"). Specifically, the Company collects, processes and uses Personal Data for the purposes of performing its contractual obligations under this Agreement, implementing, administering and managing your participation in the Plan and facilitating compliance with applicable tax and securities law.

If you are based in the EEA+, the legal basis, where required, for the processing of Personal Data by the Company is the necessity for the Company to (i) perform its contractual obligations under this Agreement, (ii) comply with legal obligations established in the EEA+, and/or (iii) pursue the legitimate interest of complying with legal obligations established outside of the EEA+.

If you are based outside of the EEA+, the legal basis, where required, for the processing of Data by the Company is your consent, as further described in (h) below.

(c) ***Stock Plan Administration Service Providers. The Company transfers Personal Data to E*TRADE Corporate Financial Services, Inc., and E*TRADE Securities LLC (collectively, "E*TRADE"), an independent service provider which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider, which will act in a similar manner, and share Personal Data with such service provider. The Company's service provider will open an account for you to receive and trade shares. The processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Plan.***

(d) ***International Data Transfers. The Company and E*TRADE are based in the United States. The country where you live may have different data privacy laws and protections than the United States. In particular, the United States does not have the same level of protections for personal data as countries in the EEA+. The European Commission requires U.S. companies to protect personal data leaving the EEA+ by certifying compliance with the EU-U.S. privacy shield program or implementing other safeguards such as the Standard Contractual Clauses adopted by the EU Commission.***

If you are based in the EEA+, Personal Data will be transferred from the EEA+ to the Company and onward from the Company to E*TRADE, or if applicable, another service provider, based on the EU Standard Contractual Clauses. You may request a copy of the Standard Contractual Clauses by contacting dataprotection@seagen.com.

If you are based in a jurisdiction outside of the EEA+, Personal Data will be transferred from your jurisdiction to the Company and onward from the Company to E*TRADE, or if applicable, another service provider based on your consent, as further described in (h) below.

(e) ***Data Retention. The Company will use Personal Data only as long as necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. When the***

Company no longer needs Personal Data for any of these purposes, the Company will remove it from its systems.

(f) ***Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. You may withdraw your consent at any time, with future effect and for any or no reason. If you do not consent, or if you later seek to withdraw your consent, your salary from or employment or service relationship with your employer will not be affected. The only consequence of denying or withdrawing consent is that the Company would not be able to grant Awards to you under the Plan or administer or maintain your participation in the Plan. If you withdraw your consent, the Company will stop processing your Personal Data for the purposes stated in section (b) above unless to the extent necessary to comply with tax or other legal obligations in connection with Awards granted before you withdrew your consent.***

(g) ***Data Subject Rights. You may have a number of rights under data privacy laws in your jurisdiction. Subject to the conditions set out in the applicable law and depending on where you are based, such rights may include the right to (i) request access to, or copies of, Personal Data processed by the Company, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrict the processing of Personal Data, (v) object to the processing of Personal Data for legitimate interests, (vi) portability of Personal Data, (vii) lodge complaints with competent authorities in your jurisdiction, and/or to (viii) receive a list with the names and addresses of any potential recipients of Personal Data. To receive clarification regarding these rights or to exercise these rights, you can contact dataprotection@seagen.com.***

(h) ***Necessary Disclosure of Personal Data. You understand that providing the Company with Personal Data is necessary for the performance of this Agreement and that your refusal to provide Personal Data would make it impossible for the Company to perform its contractual obligations and would affect your ability to participate in the Plan.***

(i) ***Declaration of Consent (if you are outside the EEA+). By clicking on the "I accept" button on the Acknowledge Grant screen on the stock plan administration site, you are declaring that you unambiguously consent to the collection, use and transfer, in electronic or other form, of your Personal Data, as described above and in any other grant materials, by and among, as applicable, the entity that employs you, the Company, any Affiliate and any service provider involved in stock plan administration including but not limited to E*TRADE for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that you may, at any time, refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Seattle Genetics, Inc. Director of Privacy Law. If you do not consent or later seek to revoke your consent, your employment status or service with the entity that employs you will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Award or any other equity award to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing consent will affect your ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, you should contact the Company's Stock Plan Administrator.***

22. INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS. You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell the shares of Common Stock or rights to the shares of Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

23. FOREIGN ASSET/ACCOUNT AND TAX REPORTING, EXCHANGE CONTROLS. Your country may have certain foreign asset, account and/or tax reporting requirements and exchange controls which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country. You understand that you may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. In addition, you may be subject to tax payment and/or reporting obligations in connection with any income realized under the Plan and/or from the sale of shares of Common Stock. You acknowledge that you are responsible for complying with all such requirements, and that you should consult personal legal and tax advisors, as applicable, to ensure compliance.

24. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

25. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement, or any other document related to this Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. APPENDIX. Notwithstanding any provisions in this Agreement to the contrary, your Award shall be subject to the special terms and conditions for your country set forth in the Appendix. Moreover, if you transfer residence and/or employment to another country reflected in the Appendix, the terms and conditions for such country will apply to you to the extent the Company determines in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

27. GOVERNING LAW/VENUE. The interpretation, performance and enforcement of this Agreement will be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules. For purposes of any action, lawsuit or other proceedings brought due to your participation in the Plan, relating to it, or arising from it, you hereby submit to and consent to

the sole and exclusive jurisdiction of the United States District Court for the Southern District of New York (or should such court lack jurisdiction to hear such action, suit or proceeding, in a New York state court in the County of New York), and no other courts, where this Award is granted and/or to be performed.

28. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

29. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

SEATTLE GENETICS, INC.
APPENDIX TO STOCK UNIT AGREEMENT FOR NON-US PARTICIPANTS

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or in the Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern this Award if you reside and/or work in one of the countries listed below.

If you are a citizen or resident of a country other than the one in which the you are currently residing and/or working, transfer employment and/or residency to another country after the Award is granted, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions herein will apply to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of November 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that you acquire shares of Common Stock or sell shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation and the Company is not in a position to assure you of any particular result. Accordingly, you acknowledge that you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, you acknowledge that if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment and/or residency to another country after the Award is granted, or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you.

CANADA

Terms and Conditions

Settlement of Restricted Stock Units. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Restricted Stock Units will be settled in shares of Common Stock only, not cash.

Termination of Employment. This provision replaces the second paragraph of Section 2 of the Agreement:

For purposes of the your participation in the Plan, your right to vest in the Restricted Stock Units and receive shares of Common Stock under the Plan, if any, will terminate effective as of the date that is the earlier of (1) the date of your Termination of Employment; (2) the date on which you receive written notice of termination; or (3) the date you are no longer actively providing services to the Employer or any other Affiliate regardless of any notice period or period of pay in lieu of such notice mandated under applicable laws (including, but not limited to, statutory law and/or common law); the Board shall have exclusive discretion to determine when you are no longer actively employed for purposes of your participation in the Plan (including whether you may still be considered to be providing services while on a leave of absence).

The following provisions apply only if you reside in Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention («Agreement»), ainsi que cette Annexe, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 21 of the Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company, the Employer and/or any other Affiliate to disclose and discuss such information with their advisors. You also authorize the Company, the Employer and/or any other Affiliate to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You understand that you are permitted to sell shares of Common Stock acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided the sale of the shares acquired pursuant to the Plan takes place outside of Canada through

the facilities of a stock exchange on which the shares are listed, and the Company is not a reporting issuer in any jurisdiction of Canada at the time of sale.

Foreign Asset/Account Reporting Information. Specified Foreign property, including Stock Units, shares of Common Stock acquired under the Plan and other rights to receive shares of a non-Canadian company held by a Canadian resident must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the specified foreign property exceeds C$100,000 at any time during the year. Thus, if the C$100,000 cost threshold is exceeded by other foreign specified property held by the individual, the award of Restricted Stock Units must be reported (generally at a nil cost). For purposes of such reporting, shares of Common Stock acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if you own other shares of Common Stock (*e.g.,* acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other shares of Common Stock. You should consult with your personal tax advisor to determine your reporting requirements.

DENMARK

Terms and Conditions

Danish Stock Option Act. By accepting this Award, you acknowledge that you received an Employer Statement, translated into Danish, which is being provided to comply with the Danish Stock Option Act.

Notifications

Foreign Asset/Account Reporting Information. If you establish an account holding shares or cash outside of Denmark, you must report the account to the Danish Tax Administration. The form which should be used to make the report can be obtained from a local bank.

SPECIAL NOTICE FOR EMPLOYEES IN DENMARK
EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended January 1, 2019 (the "***Stock Option Act***"), you are entitled to receive the following information regarding the restricted stock units granted to you by Seattle Genetics, Inc. (the "***Company***") under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (the "***Plan***") in a written statement.

This statement contains information applicable to your participation in the Plan, as required under the Stock Option Act, while the other terms and conditions of your restricted stock units ("***Stock Units***") are described in detail in the Plan and the Stock Unit Award Agreement (the "***Agreement***"), both of which have been made available to you. Capitalized terms used but not defined herein shall have the same meanings given to them in the Plan or the Agreement, as applicable.

Section 1 of the Stock Option Act provides that the Stock Option Act only applies to employees. Employees are defined in section 2 of the Stock Option Act as persons who receive remuneration for their personal services in an employment relationship. Persons, including managers, who are not regarded as employees under the Stock Option Act, will not be subject to the Stock Option Act. If you are not an employee within the meaning of the Stock Option Act, the Company therefore has no obligation to issue an employer information statement to you and you will not be able to rely on this statement for legal purposes, since only the terms and conditions set out in the Plan apply.

1. Date of grant

   The date of grant of your Stock Units is the date that the Board or its delegates approved a grant for you and determined it would be effective, which is set forth in the Agreement.

2. Terms or conditions for Stock Unit grant

   The grant of Stock Units under the Plan is made at the sole discretion of the Company. Employees, Directors and Consultants of the Company and its Affiliates, are eligible to receive grants under the Plan. The Board has broad discretion to determine who will receive Stock Units and to set the terms and conditions of the Stock Units. The Company may decide, in its sole discretion, not to make any grants of Stock Units to you in the future. Under the terms of the Plan and the Agreement, you have no entitlement or claim to receive future grants of Stock Units.

3. Vesting date or period

   The Stock Units will vest over a period of time (as set forth in the Agreement), subject to your continuous service through the applicable vesting date and other conditions set forth in the Plan and Agreement, and subject to Section 5 of this statement.

4. Exercise Price

No exercise price is payable upon the conversion of your Stock Units into shares of Common Stock in accordance with the vesting and settlement schedule described in the Agreement.

5. Your rights upon termination of employment

Subject to the provisions below regarding accelerated vesting in certain circumstances, vesting will cease upon your Termination of Employment and the Stock Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the shares of Common Stock to be issued in respect of such portion of the Award.

In the event of your Termination of Employment as a result of your death or Disability, the vesting of your Award shall accelerate such that your Award shall become vested as to an additional twelve (12) months, effective as of the date of such Termination of Employment, to the extent that your Award is outstanding on such date.

6. Financial aspects of participating in the Plan

The grant of Stock Units has no immediate financial consequences for you. The value of the Stock Units is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK
ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold som ændret 1. januar 2019 ("***Aktieoptionsloven***") er du berettiget til i en skriftlig erklæring at modtage følgende oplysninger om de betingede aktier, som du modtager fra Seattle Genetics, Inc. ("***Selskabet***") i henhold til Seattle Genetics, Inc.'s "Amended and Restated 2007 Equity Incentive Plan" ("***Ordningen***").

Denne erklæring indeholder de oplysninger, der i henhold til Aktieoptionsloven gælder for din deltagelse i Ordningen, mens de øvrige vilkår og betingelser for de betingede aktier ("***Betingede Aktier***") er nærmere beskrevet i Ordningen og i Aktietildelingsaftalen ("***Aftalen***"), som begge er udleveret til dig. Begreber, der står med stort begyndelsesbogstav i denne arbejdsgivererklæring, men som ikke er defineret heri, har den i Ordningen eller Aftalen anførte betydning.

I henhold til Aktieoptionslovens § 1 finder loven kun anvendelse for lønmodtagere. Lønmodtagere er defineret i Aktieoptionslovens § 2 som personer, der modtager vederlag for personligt arbejde i tjenesteforhold. Personer, herunder direktører, som ikke anses for at være lønmodtagere i Aktieoptionslovens forstand, er ikke omfattet af Aktieoptionsloven. Hvis du ikke er lønmodtager i Aktieoptionslovens forstand, er Selskabet derfor ikke forpligtet til at udstede en arbejdsgivererklæring til dig, og du vil ikke i juridisk henseende kunne henholde dig til denne arbejdsgivererklæring, da det alene er bestemmelserne i Ordningen, der er gældende.

1. Tildelingstidspunkt

   Tidspunktet for tildeling af de Betingede Aktier er den dag, hvor Bestyrelsen eller en repræsentant for Bestyrelsen godkendte tildelingen og besluttede, at den skulle træde i kraft. Tidspunktet fremgår af Aftalen.

2. Vilkår og betingelser for tildelingen af Betingede Aktier

   Tildelingen af Betingede Aktier i henhold til Ordningen sker efter Selskabets eget skøn. Tildeling kan i henhold til Ordningen ske til Medarbejdere, Bestyrelsesmedlemmer og Konsulenter i Selskabet og dets Tilknyttede Selskaber. Bestyrelsen har vide beføjelser til at bestemme, hvem der skal modtage Betingede Aktier og på hvilke vilkår. Selskabet kan frit vælge fremover ikke at tildele din nogen Betingede Aktier. I henhold til bestemmelserne i Ordningen og Aftalen har du ikke hverken ret til eller krav på fremover at få tildelt Betingede Aktier.

3. Modningsdato eller -periode

   De Betingede Aktier modnes over en periode (som anført i Aftalen), forudsat at du fortsat er ansat på modningsdatoen, og at de øvrige betingelser i Ordningen og i Aftalen er opfyldt, dog med forbehold for pkt. 5 nedenfor.

4. Udnyttelseskurs

Der skal ikke betales nogen udnyttelseskurs i forbindelse med konverteringen af de Betingede Aktier til Ordinære Aktier i overensstemmelse med den i Aftalen beskrevne modnings- og afregningsplan.

5. Din retsstilling i forbindelse med fratræden

Med forbehold for bestemmelserne nedenfor vedrørende fremskyndet modning ophører modningen ved din Fratræden, og de Betingede Aktier på din Konto, som ikke er modnet på fratrædelsestidspunktet, bortfalder uden omkostninger for Selskabet, og du vil ikke længere have ret eller adkomst til Tildelingen eller de Ordinære Aktier, der udstedes i relation til denne del af Tildelingen.

Såfremt du Fratræder, fordi du afgår ved døden eller bliver Uarbejdsdygtig, fremskyndes modningen af Tildelingen, således at Tildelingen modnes, som om du havde været ansat i en periode på yderligere tolv (12) måneder fra Fratrædelsesdatoen, såfremt Tildelingen endnu ikke er modnet på dette tidspunkt.

6. Økonomiske aspekter ved deltagelse i Ordningen

Tildelingen af Betingede Aktier har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af de Betingede Aktier indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier kendes ikke og kan ikke forudsiges med sikkerhed.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

FINLAND

There are no country-specific provisions.

FRANCE

Terms and Conditions

Non-Qualified Award. The Stock Units are not granted as a "French-qualified" Award and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 to L. 225-197-6 of the French Commercial Code, as amended.

Consent to Receive Information in English. By accepting this Award, you confirm having read and understood the Plan and the Agreement which were provided in the English language. You accept the terms of those documents accordingly.

*Consentement Relatif à la Langue Utilisée**.** En acceptant l'attribution, vous confirmez avoir lu et compris le Plan et ce Contrat, qui ont été communiqués en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.*

Notifications

Foreign Asset/Account Reporting Information. If you hold cash or shares of Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such assets and accounts to the French tax authorities on an annual basis on a specified form together with your income tax return. Failure to complete this reporting can trigger significant penalties.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of shares of Common Stock or the receipt of dividends, if any), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically and the form of report ("**Allgemeine Meldeportal Statistik**") can be accessed via the Bundesbank's website (www.bundesbank.de), in both German and English. You are responsible for making this report.

Foreign Asset/Account Reporting Information. If your acquisition of shares of Common Stock acquired under the Plan leads to a so-called qualified participation at any point during the calendar year, you may need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) the value of the shares of Common Stock exceeds €150,000, or (ii) in the unlikely event that you hold shares of Common Stock exceeding 10% of the Company's

share capital. However, if the shares of Common Stock are listed on a recognized U.S. stock exchange and you own less than 1% of the Company, this requirement will not apply to you.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting this Award, you acknowledge that you have received a copy of the Plan and the Agreement and reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

You further acknowledge that you have read and specifically and expressly approve the following sections of the Agreement: Section 11. Nature of Award; Section 12. Tax Obligations; Section 13. No Advice Regarding Grant; Section 20. Severability; Section 21. Data Privacy; Section 25. Language; Section 27. Governing Law/Venue; and Section 28. Imposition of Other Requirements.

Notifications

Foreign Asset/Account Reporting Information. If you are an Italian resident and at any time during the fiscal year hold investments or financial assets outside of Italy (e.g., cash, shares of Common Stock) which may generate income taxable in Italy (or if you are the beneficial owner of such an investment or asset, even if you do not directly hold the investment or asset under Italian money laundering provisions), you are required to report such investments or assets on your annual tax return for such fiscal year (on UNICO Form, RW Schedule) or on a special form if you are not required to file a tax return.

Foreign Financial Assets Tax. The fair market value of any shares of Common Stock held outside of Italy is subject to a foreign assets tax. Financial assets include shares of Common Stock acquired under the Plan. The taxable amount will be the fair market value of the financial assets assessed at the end of the calendar year. You should consult with your personal tax advisor about the foreign financial assets tax.

NETHERLANDS

There are no country-specific provisions.

PORTUGAL

Terms and Conditions

Consent to Receive Information in English. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. *Contratado, pelo presente instrumento, declara expressamente que*

tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e

concordou com os termos e condições estabelecidas no Plano e no Acordo

Notifications

Exchange Control Information. If you receive shares of Common Stock upon vesting and settlement of the Award, the acquisition of shares of Common Stock should be reported to the Banco de Portugal for statistical purposes. If shares of Common Stock are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on your behalf. If the shares of Common Stock are not deposited with a commercial bank or financial intermediary in Portugal, you are responsible for submitting the report to the Banco de Portugal.

SPAIN

Terms and Conditions

Labor Law Acknowledgment. The following provisions supplement Section 11 of the Agreement:

By accepting this Award, you agree to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand and agree that, except as otherwise provided in the Agreement, you will forfeit any Stock Units in the event of your Termination of Employment by reason of, but not limited to, resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*," individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Service Recipient and under Article 10.3 of the Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant Stock Units under the Plan to individuals who are employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliates on an ongoing basis except as set forth under the terms of the Plan and the Agreement. Consequently, you understand that any Award is given on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the Stock Units and shares of Common Stock is unknown and unpredictable and you may forfeit the Stock Units if your Termination of Employment occurs prior to vesting. In addition, you understand that this Award would not be made but for the assumptions and conditions referred to above; thus, you understand, acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then this Award shall be null and void.

Notifications

Exchange Control Information. The acquisition, ownership and sale of shares of Common Stock under the Plan must be declared for statistical purposes to the *Spanish Dirección General de Comercio e Inversiones* (the "***DGCI***"), the Bureau for Commerce and Investments, which is a department of the Ministry of Industry, Tourism and Commerce. Generally, the declaration must be made in January for shares of Common Stock owned as of December 31 of the prior year and/or shares of Common Stock acquired or disposed of during the prior year; however, if the value of shares of Common Stock acquired or disposed of or the amount of the sale proceeds exceeds €1,502,530 (or if you hold 10% or more of the share capital of the Company), the declaration must be filed within one month of the acquisition or disposition, as applicable.

In addition, you may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including shares of Common Stock acquired under the Plan), and any transactions with non-Spanish residents (including any payments of shares of Common Stock made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

Foreign Asset/Account Reporting Information. To the extent that you hold rights or assets (*i.e.,* cash or shares of Common Stock held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of right or asset (*e.g.,* shares of Common Stock, cash, etc.) as of December 31 each year, you are required to report information on such rights and assets on your tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. You should consult with your personal tax and legal advisors to ensure that you are properly complying with your reporting obligations.

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of this Award. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Terms and Conditions

Grant of the Award. The Award granted to a Swiss Participant is a voluntary gratuity (*Gratifikation*) as determined at the Company's sole discretion which the Participant has no entitlement to and which does not constitute an entitlement of the Participant for a grant of further Awards in the future.

Language Acknowledgement. Participant confirms having read and understood the documents relating to the Plan, including the Stock Unit Agreement and all terms and conditions included therein, which were provided in the English language only. Participant confirms having sufficient language capabilities to understand these terms and conditions in full.

Du bestätigst, dass du den Plan sowie die dazugehörigen Dokumente, inklusive der Vereinbarung, mit all den darin enthaltenen Bedingungen und Voraussetzungen, welche in englischer Sprache verfasst sind, gelesen und verstanden hast. Du bestätigst dass Deine Sprachkenntnisse genügend sind, um die Bedingungen und Voraussetzungen zu verstehen.

Notifications

Securities Law Information. Neither the Agreement nor any other materials relating to the Award (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("***FinSA***") (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company or (iii) has been filed with approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA.

UNITED KINGDOM

Terms and Conditions

Tax Obligations. The following provision supplements Section 12 of the Agreement:

Without limitation to Section 12 of the Agreement, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("***HMRC***") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the foregoing, if you are a director or an executive officer of the Company (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), you acknowledge that you may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by you, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Item(s) occurs may constitute an additional benefit to you on which additional income tax and National Insurance contributions ("***NICs***") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from you by any of the means referred to in the Plan or Section 12 of the Agreement.

NIC Joint Election. As a condition of your participation in the Plan and the vesting and settlement of the Award or receipt of any benefit in connection with the Award, you agree to accept any liability for secondary Class 1 NICs that may be payable by the Company or the Employer (or any successor to the Company or the Employer) in connection with the Award and any event giving rise to Tax-Related Items (the "***Employer's Liability***"). Without prejudice to the foregoing, you agree to enter into the following joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or elections. You further agree to enter into such other Joint Elections as may be required between you and any successor to the Company and/or the Employer for the purpose of continuing the effectiveness of the Joint Election. You further agree that the Company and/or the Employer may collect the Employer's Liability from you by any of the means set forth in Section 12 of the Agreement.

If you do not enter into the Joint Election prior to the vesting of the Award or any other event giving rise to Tax-Related Items, you will not be entitled to vest in the Award and receive shares of Common Stock (or receive any other benefit in connection with the Award) unless and until you enter into the Joint Election, and no shares of Common Stock or other benefit will be issued to you under the Plan, without any liability to the Company, the Employer or any other service recipient.

Exhibit 10.87

SEATTLE GENETICS, INC.
STOCK UNIT GRANT NOTICE
(AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN)

Seattle Genetics, Inc. (the "***Company***"), pursuant to its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"), hereby awards to Participant a Stock Unit Award for the number of stock units set forth below (the "***Award***"). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Unit Agreement, both of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Stock Unit Agreement. Except as explicitly provided herein, in the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of the Award shall control with respect to any terms regarding a Change in Control or a Termination of Employment.

Participant:	%%FIRST_NAME%-% %%MIDDLE_NAME%-% %%LAST_NAME%-%
Effective Date of Grant ("***Date of Grant***"):	[insert]
Number of Stock Units Subject to Award:	[insert shares]
Vesting Schedule:	[insert]
Consideration:	Participant's Services
Issuance Schedule:	The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 7 of the Stock Unit Agreement.
Sell to Cover Election:	By accepting this Award, Participant hereby: (1) elects, effective on the date Participant accepts this Award, to sell shares of Common Stock issued in respect of the Award in an amount determined in accordance with Section 12(b) of the Stock Unit Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 12 (b) of the Stock Unit Agreement (a "***Sell to Cover***"); (2) directs the Company to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represents and warrants that (i) Participant has carefully reviewed Section 12(b) of the Stock Unit Agreement, (ii) on the date Participant accepts this Award he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Stock Unit Agreement, and is entering into the Stock Unit Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act, and (iii) it is Participant's intent that this election to Sell to Cover and Section 12(b) of the Stock Unit Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act. Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 12(b) of the Stock Unit Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 12(b) of the Stock Unit Agreement.**

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Stock Unit Agreement (including the provisions of Section 12(b) thereof with respect to the Sell to Cover) and the Plan. Participant also acknowledges receipt of the Prospectus for the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject.

Participant's electronic acceptance shall signify Participant's execution of this Stock Unit Grant Notice and understanding that this Award is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall, Ph.D.
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

SEATTLE GENETICS, INC.

AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement (this "***Agreement***") and in consideration of your services, Seattle Genetics, Inc. (the "***Company***") has awarded you a Stock Unit Award (the "***Award***") under its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon your execution of the Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan or the Grant Notice, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of the Agreement shall control with respect to any terms regarding a Change in Control or a Termination of Employment. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of stock units indicated in the Grant Notice (the "***Stock Units***"). As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Stock Units subject to the Award. This Award was granted in consideration of your services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than past and future services to the Company) with respect to your receipt of the Award, the vesting of the Stock Units or the delivery of the Common Stock to be issued in respect of the Award.

2. VESTING.

(a) Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule in the Grant Notice, provided that you have not incurred a Termination of Employment or been placed on a performance improvement plan after the Date of Grant and before the applicable Certification Date. Upon your Termination of Employment or placement on a performance improvement plan, the Stock Units credited to the Account that were not vested on the date of such Termination of Employment or commencement of such performance improvement plan will be forfeited at no cost to the Company and you will have no further right, title or interest in the Stock Units or the shares of Common Stock to be issued in respect of the Award.

(b) By accepting the grant of this Award, you acknowledge and agree that the terms set forth in the vesting schedule provided in the Grant Notice and this Agreement, including but not limited to the Milestone Deadlines incorporated herein, supersede any contrary terms regarding the vesting of the Award set forth in any notice or other communication that you receive from, or that is displayed by, E*TRADE or other third party designated by the Company.

3. FORFEITURE OF AWARD NOT TIMELY ACCEPTED. The Award is conditioned upon your electronic acceptance of the Award, as set forth in the Grant Notice. Notwithstanding the foregoing or anything in this Agreement to the contrary, if you fail to accept the Award prior to a Certification Date, the portion of the Award that otherwise would have vested on such Certification Date will be forfeited at no cost to the Company, and you will have no further right, title or interest in such portion. In the event of your Termination of Employment as a result of your death or Disability prior to acceptance of the Award, the Company will deem the Award as being accepted.

4. NUMBER OF SHARES.

(a) The number of Stock Units subject to your Award may be adjusted from time to time for changes in capitalization, as provided in Section 13 of the Plan.

(b) Any additional Stock Units that become subject to the Award pursuant to this Section 4 shall be subject, in a manner determined by the Administrator, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units covered by your Award.

(c) Notwithstanding the provisions of this Section 4, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 4. The Administrator shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 4.

5. SECURITIES LAW COMPLIANCE. You may not be issued any shares in respect of your Award unless either (i) the shares are registered under the Securities Act of 1933, as amended (the ***"Securities Act"***); or (ii) the Company has determined that

such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information deemed necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

6. TRANSFER RESTRICTIONS. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 7 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death pursuant to this Agreement.

7. DATE OF ISSUANCE.

(a) If the Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), the Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested Stock Units subject to your Award, including any additional Stock Units received pursuant to Section 4 above that relate to those vested Stock Units on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 12(a) hereof) by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award pursuant to Section 12 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 12(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of the Company's Common Stock on the open market, as applicable (and regardless of whether there has been a Termination of Employment before such time), but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the Stock Units vest. Delivery of the shares pursuant to the provisions of this Section 7(a) is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. The form of such delivery of the shares (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) The provisions of this Section 7(b) are intended to apply if the Award is subject to Section 409A because of the terms of a severance arrangement or other agreement between you and the Company, if any, that provide for acceleration of vesting of the Award upon your separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) or 1.409A-1(b)(9) ("***Non-Exempt Severance Arrangement***"). If the Award is subject to and not exempt from application of Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions in this Section 7(b) shall supersede anything to the contrary in Section 7(a).

(i) If the Award vests in the ordinary course before your Termination of Employment in accordance with the vesting schedule set forth in the Grant Notice, without accelerating vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares to be issued in respect of your Award be issued any later than the later of: (A) December 31st of the calendar year that includes the applicable vesting date and (B) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Award and, therefore, are part of the terms of the Award as of the date of grant, then the shares will be earlier issued in respect of your Award upon your Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of your Separation from Service. However, if at the time the shares would

otherwise be issued you are subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of your Separation from Service, or, if earlier, the date of your death that occurs within such six-month period.

(iii) If either (A) vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Award and, therefore, are not a part of the terms of the Award on the date of grant, or (B) vesting accelerates pursuant to Section 4(b) or Section 13 of the Plan, then such acceleration of vesting of the Award shall not accelerate the issuance date of the shares (or any substitute property), but the shares (or substitute property) shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course before your Termination of Employment, notwithstanding the vesting acceleration of the Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Notwithstanding anything to the contrary set forth herein, the Company explicitly reserves the right to earlier issue the shares in respect of any Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(d) The provisions in this Agreement for delivery of the shares in respect of the Award are intended either to comply with the requirements of Section 409A or to provide a basis for exemption from such requirements so that the delivery of the shares will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

8. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a change in capitalization as provided in Section 13 of the Plan; *provided, however*, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. RESTRICTIVE LEGENDS. The shares issued in respect of your Award shall be endorsed with appropriate legends determined by the Company.

10. AWARD NOT A SERVICE CONTRACT.

(a) Your service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in the Grant Notice and Section 2 herein or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in the Grant Notice and Section 2 herein is earned only by continuing as an employee, director or consultant at the will of the Company (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in your Termination of Employment, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your service at any time, with or without cause and with or without notice.

11. CHANGE IN CONTROL. Notwithstanding any provision of this Agreement, Section 13(c) of the Plan or any written agreement between you and the Company (including your employment agreement with the Company) to the contrary, in the event a Change in Control occurs while all or part of the Award is outstanding, the following provisions in this Section 11 shall apply.

(a) Assumption or Substitution. The acquirer or successor in the Change in Control (the "***Acquirer***") may assume the Award or grant substitute awards in a manner consistent with Section 13(c) of the Plan and in such event, the following shall apply:

(i) The terms of the assumed Award (including the Stock Units subject to the assumed Award and the Number of Eligible Shares set forth in the Performance Goal Grid) will be determined by the Administrator prior to the date of such Change in Control.

(ii) Following such Change in Control, all references to the Company and the Administrator in this Section 11 will instead mean the Acquirer, to the extent determined appropriate by the Acquirer.

(iii) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, following such Change in Control, the Award may not be terminated or amended in a manner that adversely affects you without your written consent (and for clarity, this provision shall prevail over Section 21 of this Agreement).

(iv) If immediately prior to or within 12 months after the effective time of such Change in Control, you experience a Termination of Employment without Cause (as defined in the Plan) or as a result of a Constructive Termination (as defined in the Plan), then, as of the date of your Termination of Employment, the vesting of the Number of Eligible Shares that remain subject to the assumed Award, or any stock award substituted for the Award by the Acquirer, held by you at the time of such termination, shall be accelerated in an amount equal to the Number of Eligible Shares associated with each Milestone that has not already been achieved or for which the Milestone Deadline has not already occurred multiplied by a fraction, the numerator of which is the number of days from (and including) the Date of Grant until (and including) the date of such Termination of Employment and the denominator of which is the number of days from (and including) the Date of Grant until (and including) the applicable Milestone Deadline.

(b) No Assumption or Substitution. If the Acquirer determines that it will not assume the Award or grant equivalent substitute stock awards in the Change in Control, then the following shall apply:

(i) The vesting of the Award shall be accelerated in the amount described below immediately prior to the effective time of such Change in Control and such shares, to the extent so vested, will be treated in such Change in Control in the same manner as other outstanding shares of Common Stock held by the Company's stockholders.

(ii) The number of shares that shall be accelerated will equal the Number of Eligible Shares associated with each Milestone that has not already been achieved or for which the Milestone Deadline has not already occurred multiplied by a fraction, the numerator of which is the number of days from (and including) the Date of Grant until (and including) the date of such Change in Control and the denominator of which is the number of days from (and including) the Date of Grant until (and including) the applicable Milestone Deadline.

(iii) After accelerating the vesting as described above and issuing shares of Common Stock accordingly, you shall have no further rights, title or interest with respect to the Award and as of the date of such Change in Control, your eligibility for any future or additional benefits under the Award will terminate as of such date.

12. WITHHOLDING OBLIGATIONS.

(a) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate which arise in connection with your Award (the "***Withholding Obligation***").

(b) By accepting this Award, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 12(b) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 12(c) hereof and (ii) further acknowledge and agree to the following provisions:

(i) You hereby irrevocably appoint E*TRADE, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 7 hereof in connection with the vesting of the Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 12(c) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

(4) Remit any remaining funds to you.

(ii) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 12(b) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (your election to Sell to Cover and the provisions of this Section 12(b), collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this Award, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 12(b)(i) to satisfy your obligations hereunder.

(iii) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act, (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 12(b)(i)(1) above.

(iv) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 12(b) and the terms of this 10b5-1 Plan.

(vi) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. Upon acceptance of the Award, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Stock Units and the related issuance of shares of Common Stock has been satisfied.

(c) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 12(b), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to you by the Company; and/or

(iii) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to

you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 7) equal to the amount of the Withholding Obligation; *provided, however*, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's or Affiliate's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such other amount as may be permitted while still avoiding classification of the Award as a liability for financial accounting purposes).

(d) Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(e) In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

13. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 7 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

14. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy on trading in Company securities permitting employees to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

15. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company, the Agent or another third party designated by the Company and agree notice shall be provided upon posting to your electronic account held by the Company, the Agent or another third party designated by the Company.

16. CLAWBACK/RECOUPMENT. The Award will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of this Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between you and the Company. No recovery of compensation under such a clawback policy will be an event giving rise to your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

17. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Company.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the

Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

18. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement or the Grant Notice and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of the Agreement shall control with respect to any terms regarding a Change in Control or a Termination of Employment.

19. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

20. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

21. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent; *provided, however*, that the vesting provisions of this Award may be amended by the Administrator in a manner that adversely affects you without your consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

Exhibit 10.88

SEATTLE GENETICS, INC.
STOCK UNIT GRANT NOTICE FOR NON-US PARTICIPANTS
(AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN)

Seattle Genetics, Inc. (the ***"Company"***), pursuant to its Amended and Restated 2007 Equity Incentive Plan (the ***"Plan"***), hereby awards to Participant a Stock Unit Award for the number of stock units set forth below (the ***"Award"***). The Award is subject to all of the terms and conditions as set forth herein and in the Plan and the Stock Unit Agreement (including any special terms and conditions for Participant's country set forth in the attached appendix (the ***"Appendix"***)), both of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Stock Unit Agreement. Except as explicitly provided herein, in the event of any conflict between the terms in the Award and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of the Award shall control with respect to any terms regarding a Change in Control or a Termination of Employment.

Participant: %%FIRST_NAME%-% %%MIDDLE_NAME%-% %%LAST_NAME%-%

Effective Date of Grant ("***Date of Grant***"): [insert]

Number of Stock Units Subject to Award: [insert]

Vesting Schedule: [insert]

Consideration: Participant's Services

Issuance Schedule: The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 7 of the Stock Unit Agreement.

Sell to Cover Election: By accepting this Award, Participant hereby: (1) elects, effective on the date Participant accepts this Award, to sell shares of Common Stock issued in respect of the Award in an amount determined in accordance with Section 13(b) of the Stock Unit Agreement, and to allow the Agent to remit the cash proceeds of such sale to the Company as more specifically set forth in Section 13(b) of the Stock Unit Agreement (a ***"Sell to Cover"***); (2) directs the Company to make a cash payment to satisfy the Withholding Obligation from the cash proceeds of such sale directly to the appropriate taxing authorities; and (3) **represents and warrants that (i) Participant has carefully reviewed Section 13(b) of the Stock Unit Agreement, (ii) on the date Participant accepts this Award he or she is not aware of any material, nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the Agent from conducting sales, does not have, and will not attempt to exercise, authority, influence or control over any sales of Common Stock effected by the Agent pursuant to the Stock Unit Agreement, and is entering into the Stock Unit Agreement and this election to Sell to Cover in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 (regarding trading of the Company's securities on the basis of material nonpublic information) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws), and (iii) it is Participant's intent that this election to Sell to Cover and Section 13(b) of the Stock Unit Agreement comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) and be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws). The Participant further acknowledges that by accepting this Award, Participant is adopting a 10b5-1 Plan (as defined in Section 13(b) of the Stock Unit Agreement) to permit Participant to conduct a Sell to Cover sufficient to satisfy the Withholding Obligation as more specifically set forth in Section 13(b) of the Stock Unit Agreement.**

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Stock Unit Grant Notice, the Stock Unit Agreement (including the provisions of Section 13(b) thereof with respect to the Sell to Cover and the Appendix) and the Plan. Participant also acknowledges receipt of the Prospectus for the Plan. Participant further acknowledges that as of the Date of Grant, this Stock Unit Grant Notice, the Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject.

Participant's electronic acceptance shall signify Participant's execution of this Stock Unit Grant Notice and understanding that this Award is granted and governed under the terms and conditions set forth herein.

SEATTLE GENETICS, INC.

/s/ Clay B. Siegall
Clay B. Siegall, Ph.D.
President & CEO

PLEASE PRINT AND RETAIN THIS AGREEMENT FOR YOUR RECORDS

SEATTLE GENETICS, INC.
AMENDED AND RESTATED 2007 EQUITY INCENTIVE PLAN

STOCK UNIT AGREEMENT FOR NON-US PARTICIPANTS

Pursuant to the Stock Unit Grant Notice ("***Grant Notice***") and this Stock Unit Agreement, including any special terms and conditions for your country set forth in the appendix attached hereto (this "***Agreement***"), Seattle Genetics, Inc. (the "***Company***") has awarded you a Stock Unit Award (the "***Award***") under its Amended and Restated 2007 Equity Incentive Plan (the "***Plan***"). Your Award is granted to you effective as of the Date of Grant set forth in the Grant Notice for this Award. This Agreement shall be deemed to be agreed to by the Company and you upon your execution of the Stock Unit Grant Notice to which it is attached. Capitalized terms not explicitly defined in this Agreement shall have the same meanings given to them in the Plan or the Grant Notice, as applicable. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of the Agreement shall control with respect to any terms regarding a Change in Control or a Termination of Employment. The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date the number of shares of the Company's Common Stock that is equal to the number of stock units indicated in the Grant Notice (the "***Stock Units***"). As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Stock Units subject to the Award. This Award is granted in consideration of your services to the Company or an Affiliate. Except as otherwise provided herein, you will not be required to make any payment to the Company (other than future services to the Company) with respect to your receipt of the Award, the vesting of the Stock Units or the delivery of the Common Stock to be issued in respect of the Award.

2. VESTING.

(a) Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule in the Grant Notice, provided that you have not incurred a Termination of Employment after the Date of Grant and before the applicable Certification Date. Upon your Termination of Employment, the Stock Units credited to the Account that were not vested on the date of such Termination of Employment will be forfeited at no cost to the Company and you will have no further right, title or interest in the Stock Units or the shares of Common Stock to be issued in respect of the Award.

(b) By accepting the grant of this Award, you acknowledge and agree that the terms set forth in the vesting schedule provided in the Grant Notice and this Agreement, including but not limited to the Milestone Deadlines incorporated herein, supersede any contrary terms regarding the vesting of the Award set forth in any notice or other communication that you receive from, or that is displayed by, E*TRADE or other third party designated by the Company.

(c) For purposes of your Award, your Termination of Employment will be considered to be (regardless of the reason of termination, whether or not later found to be invalid or in breach of employment or other laws or rules in the jurisdiction where you are providing services or the terms of your employment or service agreement, if any) effective as of the date that you cease to actively provide services to the Company or any Affiliate and will not be extended by any notice period (e.g., employment or service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment or other laws in the jurisdiction where you are employed or providing services or the terms of your employment or service agreement, if any). The Administrator shall have exclusive discretion to determine when you are no longer actively employed or providing services for purposes of the Plan (including whether you still may be considered to be providing services while on a leave of absence).

3. FORFEITURE OF AWARD NOT TIMELY ACCEPTED. The Award is conditioned upon your electronic acceptance of the Award, as set forth in the Grant Notice. Notwithstanding the foregoing or anything in this Agreement to the contrary, if you fail to accept the Award prior to a Certification Date, the portion of the Award that otherwise would have vested on such Certification Date will be forfeited at no cost to the Company, and you will have no further right, title or interest in such portion. In the event of your Termination of Employment as a result of your death or Disability prior to acceptance of the Award, the Company will deem the Award as being accepted.

4. NUMBER OF SHARES.

(a) The number of Stock Units subject to your Award may be adjusted from time to time for changes in capitalization, as provided in Section 13 of the Plan.

(b) Any additional Stock Units that become subject to the Award pursuant to this Section 4 shall be subject, in a manner determined by the Administrator, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Stock Units covered by your Award.

(c) Notwithstanding the provisions of this Section 4, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 4. The Administrator shall, in its discretion, determine an equivalent benefit for any fractional shares or fractional shares that might be created by the adjustments referred to in this Section 4.

5. SECURITIES LAW COMPLIANCE. You may not be issued any shares in respect of your Award unless either (i) the shares are registered under the Securities Act of 1933, as amended (the ***"Securities Act"***) (or other applicable securities laws in the case of Participants not subject to U.S. securities laws); or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws). Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations. You represent and warrant that you (a) have been furnished with a copy of the prospectus for the Plan and all information deemed necessary to evaluate the merits and risks of receipt of the

Award, (b) have had the opportunity to ask questions concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

6. TRANSFER RESTRICTIONS. Your Award is not transferable, except by will or by the laws of descent and distribution. In addition to any other limitation on transfer created by applicable securities laws, you agree not to assign, hypothecate, donate, encumber or otherwise dispose of any interest in any of the shares of Common Stock subject to the Award until the shares are issued to you in accordance with Section 7 of this Agreement. After the shares have been issued to you, you are free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein and applicable securities laws.

7. DATE OF ISSUANCE.

(a) If the Award is exempt from application of Section 409A of the Code and any state law of similar effect (collectively **"*Section 409A*"**), the Company will deliver to you a number of shares of the Company's Common Stock equal to the number of vested Stock Units subject to your Award, including any additional Stock Units received pursuant to Section 4 above that relate to those vested Stock Units on the applicable vesting date (the ***"Original Issuance Date"***). However, if the Original Issuance Date falls on a date that is not a business day, such delivery date shall instead fall on the next following business day. Notwithstanding the foregoing, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy or policies on trading in Company securities or (2) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; and (ii) the Company elects, prior to the Original Issuance Date, (x) not to satisfy the Withholding Obligation (as defined in Section 13(a) hereof) by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award pursuant to Section 13 hereof, (y) not to permit you to then effect a Sell to Cover under the 10b5-1 Plan (as defined in Section 13(b) of this Agreement), and (z) not to permit you to satisfy the Withholding Obligation in cash, then such shares shall not be delivered on such Original Issuance Date and shall instead be delivered on the first business day of the next occurring open window period applicable to you or the next business day when you are not prohibited from selling shares of the Company's Common Stock on the open market, as applicable (and regardless of whether there has been a Termination of Employment before such time), but in no event later than the 15th day of the third calendar month of the calendar year following the calendar year in which the Stock Units vest. Delivery of the shares pursuant to the provisions of this Section 7(a) is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and shall be construed and administered in such manner. The form of such delivery of the shares (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(b) The provisions of this Section 7(b) are intended to apply if the Award is subject to Section 409A because of the terms of a severance arrangement or other agreement between

you and the Company, if any, that provide for acceleration of vesting of the Award upon your separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code ("***Separation from Service***") and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4) or 1.409A-1(b)(9) ("***Non-Exempt Severance Arrangement***"). If the Award is subject to and not exempt from application of Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions in this Section 7(b) shall supersede anything to the contrary in Section 7(a).

(i) If the Award vests in the ordinary course before your Termination of Employment in accordance with the vesting schedule set forth in the Grant Notice, without accelerating vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares to be issued in respect of your Award be issued any later than the later of: (A) December 31st of the calendar year that includes the applicable vesting date and (B) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Award and, therefore, are part of the terms of the Award as of the date of grant, then the shares will be earlier issued in respect of your Award upon your Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of your Separation from Service. However, if at the time the shares would otherwise be issued you are subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of your Separation from Service, or, if earlier, the date of your death that occurs within such six-month period.

(iii) If either (A) vesting of the Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with your Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Award and, therefore, are not a part of the terms of the Award on the date of grant, or (B) vesting accelerates pursuant to Section 4(b) or Section 13 of the Plan, then such acceleration of vesting of the Award shall not accelerate the issuance date of the shares (or any substitute property), but the shares (or substitute property) shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course before your Termination of Employment, notwithstanding the vesting acceleration of the Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Notwithstanding anything to the contrary set forth herein, the Company explicitly reserves the right to earlier issue the shares in respect of any Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(d) The provisions in this Agreement for delivery of the shares in respect of the Award are intended either to comply with the requirements of Section 409A or to provide a basis for exemption from such requirements so that the delivery of the shares will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

8. DIVIDENDS. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a change in capitalization as provided in Section 13 of the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

9. RESTRICTIVE LEGENDS. The shares issued in respect of your Award shall be endorsed with appropriate legends determined by the Company.

10. AWARD NOT A SERVICE CONTRACT.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award pursuant to the schedule set forth in the Grant Notice and Section 2 herein or the issuance of the shares in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company or an Affiliate of the right to terminate your employment without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the schedule set forth in the Grant Notice and Section 2 herein is earned only by continuing as an employee, director or consultant of the Company or Affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "reorganization"). You further acknowledge and agree that such a reorganization could result in your Termination of Employment, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with your right or the Company's right to terminate your service at any time, with or without cause and with or without notice.

1. CHANGE IN CONTROL. Notwithstanding any provision of this Agreement, Section 13(c) of the Plan or any written agreement between you and the Company (including your employment agreement with the Company) to the contrary, in the event a Change in Control occurs while all or part of the Award is outstanding, the following provisions in this Section 11 shall apply.

(a) Assumption or Substitution. The acquirer or successor in the Change in Control (the "***Acquirer***") may assume the Award or grant substitute awards in a manner consistent with Section 13(c) of the Plan and in such event, the following shall apply:

(i) The terms of the assumed Award (including the Stock Units subject to the assumed Award and the Number of Eligible Shares set forth in the Performance Goal Grid) will be determined by the Administrator prior to the date of such Change in Control.

(ii) Following such Change in Control, all references to the Company and the Administrator in this Section 11 will instead mean the Acquirer, to the extent determined appropriate by the Acquirer.

(iii) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, following such Change in Control, the Award may not be terminated or amended in a manner that adversely affects you without your written consent (and for clarity, this provision shall prevail over Section 30 of this Agreement).

(iv) If immediately prior to or within 12 months after the effective time of such Change in Control, you experience a Termination of Employment without Cause (as defined in the Plan) or as a result of a Constructive Termination (as defined in the Plan), then, as of the date of your Termination of Employment, the vesting of the Number of Eligible Shares that remain subject to the assumed Award, or any stock award substituted for the Award by the Acquirer, held by you at the time of such termination, shall be accelerated in an amount equal to the Number of Eligible Shares associated with each Milestone that has not already been achieved or for which the Milestone Deadline has not already occurred multiplied by a fraction, the numerator of which is the number of days from (and including) the Date of Grant until (and including) the date of such Termination of Employment and the denominator of which is the number of days from (and including) the Date of Grant until (and including) the applicable Milestone Deadline.

(b) No Assumption or Substitution. If the Acquirer determines that it will not assume the Award or grant equivalent substitute stock awards in the Change in Control, then the following shall apply:

(i) The vesting of the Award shall be accelerated in the amount described below immediately prior to the effective time of such Change in Control and such shares, to the extent so vested, will be treated in such Change in Control in the same manner as other outstanding shares of Common Stock held by the Company's stockholders.

(ii) The number of shares that shall be accelerated will equal the Number of Eligible Shares associated with each Milestone that has not already been achieved or for which the Milestone Deadline has not already occurred multiplied by a fraction, the numerator of which

is the number of days from (and including) the Date of Grant until (and including) the date of such Change in Control and the denominator of which is the number of days from (and including) the Date of Grant until (and including) the applicable Milestone Deadline.

(iii) After accelerating the vesting as described above and issuing shares of Common Stock accordingly, you shall have no further rights, title or interest with respect to the Award and as of the date of such Change in Control, your eligibility for any future or additional benefits under the Award will terminate as of such date

2. NATURE OF AWARD. In accepting your Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted under the Plan;

(b) the Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future Awards (whether on the same or different terms), or benefits in lieu of an Award, even if an Award has been granted in the past;

(c) all decisions with respect to future awards of Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(d) you are voluntarily participating in the Plan;

(e) the Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(f) the future value of the shares of Common Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

(g) no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from your Termination of Employment (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or rendering services or the terms of your employment agreement, if any);

(h) unless otherwise provided herein, in the Plan or by the Company in its discretion, the Award and the benefits evidenced by this Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Common Stock;

(i) unless otherwise agreed with the Company, the Award and the shares of Common Stock subject to the Award, and the income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate;

(j) if the Award vests and you are issued shares of Common Stock, the value of such shares of Common stock may increase or decrease in value following the date the shares of Common Stock are issues; even below the Fair Market Value on the date the Award is granted to you;

(k) the Award and the shares of Common Stock subject to the Award, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments.

(l) the Award and the shares of Common Stock subject to the Award, and the income and value of same, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any benefit plan sponsored by the Company, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's benefit plans.

3. TAX OBLIGATIONS.

(a) By accepting this Award, you acknowledge that, regardless of any action taken by the Company or any Affiliate the ultimate liability for any and all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("***Tax-Related Items***") is and remains your responsibility and may exceed the amount actually withheld by the Company or its Affiliates, if any. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or its Affiliates may be required to withhold or account for Tax-Related Items in more than one jurisdiction. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award.

(b) On or before the time you receive a distribution of Common Stock pursuant to your Award, or at any time thereafter as requested by the Company, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy any and all Tax-Related Items (the "***Withholding Obligation***").

(c) By accepting this Award, you hereby (i) acknowledge and agree that you have elected a Sell to Cover (as defined in the Grant Notice) to permit you to satisfy the Withholding Obligation and that the Withholding Obligation shall be satisfied pursuant to this Section 13(c) to the fullest extent not otherwise satisfied pursuant to the provisions of Section 13(d) hereof and (ii) further acknowledge and agree to the following provisions:

(i) You hereby irrevocably appoint E*TRADE, or such other registered broker-dealer that is a member of the Financial Industry Regulatory Authority as the Company may select, as your agent (the "***Agent***"), and you authorize and direct the Agent to:

(1) Sell on the open market at the then prevailing market price(s), on your behalf, as soon as practicable on or after the date on which the shares of Common Stock are delivered to you pursuant to Section 7 hereof in connection with the vesting of the Stock Units, the number (rounded up to the next whole number) of shares of Common Stock sufficient to generate proceeds to cover (A) the satisfaction of the Withholding Obligation arising from the vesting of those Stock Units and the related issuance of shares of Common Stock to you that is not otherwise satisfied pursuant to Section 13(d) hereof and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto;

(2) Remit directly to the Company and/or any Affiliate the proceeds necessary to satisfy the Withholding Obligation;

(3) Retain the amount required to cover all applicable fees and commissions due to, or required to be collected by, the Agent, relating directly to the sale of the shares of Common Stock referred to in clause (1) above; and

(4) Remit any remaining funds to you.

(ii) You acknowledge that your election to Sell to Cover and the corresponding authorization and instruction to the Agent set forth in this Section 13(c) to sell Common Stock to satisfy the Withholding Obligation is intended to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) and to be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws) (your election to Sell to Cover and the provisions of this Section 13(c), collectively, the "***10b5-1 Plan***"). You acknowledge that by accepting this Award, you are adopting the 10b5-1 Plan to permit you to satisfy the Withholding Obligation. You hereby authorize the Company and the Agent to cooperate and communicate with one another to determine the number of shares of Common Stock that must be sold pursuant to Section 13(c)(i) to satisfy your obligations hereunder.

(iii) You acknowledge that the Agent is under no obligation to arrange for the sale of Common Stock at any particular price under this 10b5-1 Plan and that the Agent may effect sales as provided in this 10b5-1 Plan in one or more sales and that the average price for executions resulting from bunched orders may be assigned to your account. You further acknowledge that you will be responsible for all brokerage fees and other costs of sale associated with this 10b5-1 Plan, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. In addition, you acknowledge that it may not be possible to sell shares of Common Stock as provided for in this 10b5-1 Plan due to (i) a legal or contractual restriction applicable to you or the Agent, (ii) a market disruption, (iii) a sale effected pursuant to this 10b5-1 Plan that would not comply (or in the reasonable opinion of the Agent's counsel is likely not to comply) with the Securities Act (or other applicable securities laws in the case of Participants not subject to U.S. securities laws), (iv) the Company's determination that sales may not be effected under this 10b5-1 Plan or (v) rules governing order execution priority on the national exchange where the Common Stock may be traded. In the event of the Agent's inability to sell shares of Common Stock, you will continue to be responsible for the timely payment to the

Company of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld, including but not limited to those amounts specified in Section 13(c)(i)(1) above.

(iv) You acknowledge that regardless of any other term or condition of this 10b5-1 Plan, the Agent will not be liable to you for (A) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (B) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) You hereby agree to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this 10b5-1 Plan. The Agent is a third-party beneficiary of this Section 13(c) and the terms of this 10b5-1 Plan.

(vi) Your election to Sell to Cover and to enter into this 10b5-1 Plan is irrevocable. Upon acceptance of the Award, you have elected to Sell to Cover and to enter into this 10b5-1 Plan, and you acknowledge that you may not change this election at any time in the future. This 10b5-1 Plan shall terminate not later than the date on which the Withholding Obligation arising from the vesting of your Stock Units and the related issuance of shares of Common Stock has been satisfied.

(d) Alternatively, or in addition to or in combination with the Sell to Cover provided for under Section 13(c), you authorize the Company, at its discretion, to satisfy the Withholding Obligation by the following means (or by a combination of the following means):

(i) Requiring you to pay to the Company any portion of the Withholding Obligation in cash;

(ii) Withholding from any compensation otherwise payable to you by the Company; and/or

(iii) Withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 7) equal to the amount of the Withholding Obligation.

(e) Unless the Withholding Obligation of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(f) In the event the Withholding Obligation of the Company arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount

4. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the consequences of accepting this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

5. UNSECURED OBLIGATION. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 7 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

6. OTHER DOCUMENTS. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy on trading in Company securities permitting employees to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

7. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. Notwithstanding the foregoing, the Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company, the Agent or another third party designated by the Company and agree notice shall be provided upon posting to your electronic account held by the Company, the Agent or another third party designated by the Company.

8. CLAWBACK/RECOUPMENT. The Award will be subject to recoupment, rescission, payback, cancelation or other action, in each case, in accordance with (i) any clawback policy adopted by the Company (whether such policy is adopted on or after the date of this Agreement or required under applicable law) and (ii) any such other clawback, recovery or recoupment provisions set forth in an individual written agreement between you and the Company. No recovery of compensation under such a clawback policy will be an event giving rise to your right to resign for "good reason" or "constructive termination" (or similar term) under any plan of, or agreement with, the Company.

9. MISCELLANEOUS.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

(d) You acknowledge and agree that the Company shall not be liable for any exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of your Award or of any amounts due to you pursuant to the settlement of the Award or the subsequent sale of any shares of Common Stock acquired upon settlement.

(e) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(f) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

10. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as otherwise explicitly provided herein, in the event of any conflict between the terms in this Agreement or the Grant Notice and the Plan, the terms of the Plan shall control; *provided, however*, that the terms of the Agreement shall control with respect to any terms regarding a Change in Control or a Termination of Employment.

11. SEVERABILITY. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

12. DATA PRIVACY. ***To participate in the Plan, you will need to review the information provided in this Section and, where applicable, declare your consent to the processing of personal data by the Company and third parties noted below.***

(a) ***EEA+ Controller and Representative. If you are based in the European Union ("EU"), the European Economic Area, Switzerland or, if and when the United Kingdom leaves the European Union, the United Kingdom (collectively "EEA+"), you should note that the Company, with its registered address at 21823 30th Drive SE Bothell, Washington 98021, United States of America, is the controller responsible for the processing of your personal data in connection with the Agreement and the Plan. The Company's representative in the EU is Seagen Netherlands B.V., located at Evert van de Beekstraat 1, -140 1118CL Schiphol, Netherlands with office phone: +31 207 99 15 60.***

(b) ***Data Collection and Usage. In connection with the administration of the Plan, the Company collects, processes, uses and transfers certain personally-identifiable information about you, which may include your name, home address and telephone number, email address, date of birth, social insurance, passport number or other identification number, salary, nationality, job title, details of all Awards or any other entitlement to shares of Common Stock awarded, canceled, exercised, settled, vested, unvested or outstanding in your favor and additional similar or related data, which the Company receives from you or the entity that employs you ("Personal Data"). Specifically, the Company collects, processes and uses Personal Data for the purposes of performing its contractual obligations under this Agreement, implementing, administering and managing your participation in the Plan and facilitating compliance with applicable tax and securities law.***

If you are based in the EEA+, the legal basis, where required, for the processing of Personal Data by the Company is the necessity for the Company to (i) perform its contractual obligations under this Agreement, (ii) comply with legal obligations established in the EEA+, and/or (iii) pursue the legitimate interest of complying with legal obligations established outside of the EEA+.

If you are based outside of the EEA+, the legal basis, where required, for the processing of Data by the Company is your consent, as further described in (h) below.

(c) ***Stock Plan Administration Service Providers. The Company transfers Personal Data to E*TRADE Corporate Financial Services, Inc., and E*TRADE Securities LLC (collectively, "E*TRADE"), an independent service provider which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider, which will act in a similar manner, and share Personal Data***

with such service provider. The Company's service provider will open an account for you to receive and trade shares. The processing of Personal Data will take place through both electronic and non-electronic means. Personal Data will only be accessible by those individuals requiring access to it for purposes of implementing, administering and operating the Plan.

(d) ***International Data Transfers. The Company and E*TRADE are based in the United States. The country where you live may have different data privacy laws and protections than the United States. In particular, the United States does not have the same level of protections for personal data as countries in the EEA+. The European Commission requires U.S. companies to protect personal data leaving the EEA+ by certifying compliance with the EU-U.S. privacy shield program or implementing other safeguards such as the Standard Contractual Clauses adopted by the EU Commission.***

If you are based in the EEA+, Personal Data will be transferred from the EEA+ to the Company and onward from the Company to E*TRADE, or if applicable, another service provider, based on the EU Standard Contractual Clauses. You may request a copy of the Standard Contractual Clauses by contacting dataprotection@seagen.com.

If you are based in a jurisdiction outside of the EEA+, Personal Data will be transferred from your jurisdiction to the Company and onward from the Company to E*TRADE, or if applicable, another service provider based on your consent, as further described in (h) below.

(e) ***Data Retention. The Company will use Personal Data only as long as necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including tax and securities laws. When the Company no longer needs Personal Data for any of these purposes, the Company will remove it from its systems.***

(f) ***Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. You may withdraw your consent at any time, with future effect and for any or no reason. If you do not consent, or if you later seek to withdraw your consent, your salary from or employment or service relationship with your employer will not be affected. The only consequence of denying or withdrawing consent is that the Company would not be able to grant Awards to you under the Plan or administer or maintain your participation in the Plan. If you withdraw your consent, the Company will stop processing your Personal Data for the purposes stated in section (b) above unless to the extent necessary to comply with tax or other legal obligations in connection with Awards granted before you withdrew your consent.***

(g) ***Data Subject Rights. You may have a number of rights under data privacy laws in your jurisdiction. Subject to the conditions set out in the applicable law and depending on where you are based, such rights may include the right to (i) request access to, or copies of, Personal Data processed by the Company, (ii) rectification of incorrect Personal Data, (iii) deletion of Personal Data, (iv) restrict the processing of Personal Data, (v) object to the processing of Personal Data for legitimate interests, (vi) portability of Personal Data, (vii) lodge complaints with competent authorities in your jurisdiction, and/or to (viii) receive a list with the names and***

addresses of any potential recipients of Personal Data. To receive clarification regarding these rights or to exercise these rights, you can contact dataprotection@seagen.com.

(h) ***Necessary Disclosure of Personal Data. You understand that providing the Company with Personal Data is necessary for the performance of this Agreement and that your refusal to provide Personal Data would make it impossible for the Company to perform its contractual obligations and would affect your ability to participate in the Plan.***

(i) ***Declaration of Consent (if you are outside the EEA+). By clicking on the "I accept" button on the Acknowledge Grant screen on the stock plan administration site, you are declaring that you unambiguously consent to the collection, use and transfer, in electronic or other form, of your Personal Data, as described above and in any other grant materials, by and among, as applicable, the entity that employs you, the Company, any Affiliate and any service provider involved in stock plan administration including but not limited to E*TRADE for the exclusive purpose of implementing, administering and managing your participation in the Plan. You understand that you may, at any time, refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Seattle Genetics, Inc. Director of Privacy Law. If you do not consent or later seek to revoke your consent, your employment status or service with the entity that employs you will not be affected; the only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Award or any other equity award to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing consent will affect your ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, you should contact the Company's Stock Plan Administrator.***

13. INSIDER TRADING RESTRICTIONS/MARKET ABUSE LAWS. You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell the shares of Common Stock or rights to the shares of Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

14. FOREIGN ASSET/ACCOUNT AND TAX REPORTING, EXCHANGE CONTROLS. Your country may have certain foreign asset, account and/or tax reporting requirements and exchange controls which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country. You understand that you may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. In addition, you may be subject to tax payment and/or reporting obligations in connection with any

income realized under the Plan and/or from the sale of shares of Common Stock. You acknowledge that you are responsible for complying with all such requirements, and that you should consult personal legal and tax advisors, as applicable, to ensure compliance.

15. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

16. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement, or any other document related to this Award and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. APPENDIX. Notwithstanding any provisions in this Agreement to the contrary, your Award shall be subject to the special terms and conditions for your country set forth in the Appendix. Moreover, if you transfer residence and/or employment to another country reflected in the Appendix, the terms and conditions for such country will apply to you to the extent the Company determines in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

18. GOVERNING LAW/VENUE. The interpretation, performance and enforcement of this Agreement will be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules. For purposes of any action, lawsuit or other proceedings brought due to your participation in the Plan, relating to it, or arising from it, you hereby submit to and consent to the sole and exclusive jurisdiction of the United States District Court for the Southern District of New York (or should such court lack jurisdiction to hear such action, suit or proceeding, in a New York state court in the County of New York), and no other courts, where this Award is granted and/or to be performed.

19. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. AMENDMENT. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Administrator by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that no such amendment adversely affecting your rights hereunder may be made without your written consent; *provided, however*, that the vesting provisions of this Award may be amended by the Administrator in a manner that adversely affects you without your consent. Without limiting the foregoing, the Administrator reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem

necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

SEATTLE GENETICS, INC.
APPENDIX TO STOCK UNIT AGREEMENT FOR NON-US PARTICIPANTS

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or in the Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern this Award if you reside and/or work in one of the countries listed below.

If you are a citizen or resident of a country other than the one in which the you are currently residing and/or working, transfer employment and/or residency to another country after the Award is granted, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions herein will apply to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time that you acquire shares of Common Stock or sell shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation and the Company is not in a position to assure you of any particular result. Accordingly, you acknowledge that you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, you acknowledge that if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer employment and/or residency to another country after the Award is granted, or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you.

CANADA

Terms and Conditions

Settlement of Restricted Stock Units. Notwithstanding any terms or conditions of the Plan or the Agreement to the contrary, Restricted Stock Units will be settled in shares of Common Stock only, not cash.

Termination of Employment. This provision replaces Section 2(c) of the Agreement:

For purposes of the your participation in the Plan, your right to vest in the Restricted Stock Units and receive shares of Common Stock under the Plan, if any, will terminate effective as of the date that is the earlier of (1) the date of your Termination of Employment; (2) the date on which you receive written notice of termination; or (3) the date you are no longer actively providing services to the Employer or any other Affiliate regardless of any notice period or period of pay in lieu of such notice mandated under applicable laws (including, but not limited to, statutory law and/or common law); the Board shall have exclusive discretion to determine when you are no longer actively employed for purposes of your participation in the Plan (including whether you may still be considered to be providing services while on a leave of absence).

The following provisions apply only if you reside in Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Agreement as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention («Agreement»), ainsi que cette Annexe, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 22 of the Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company, the Employer and/or any other Affiliate to disclose and discuss such information with their advisors. You also authorize the Company, the Employer and/or any other Affiliate to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You understand that you are permitted to sell shares of Common Stock acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided the sale of the shares acquired pursuant to the Plan takes place outside of Canada through the facilities of a stock exchange on which the shares are listed, and the Company is not a reporting issuer in any jurisdiction of Canada at the time of sale.

Foreign Asset/Account Reporting Information. Specified Foreign property, including Stock Units, shares of Common Stock acquired under the Plan and other rights to receive shares of a non-Canadian company held by a Canadian resident must generally be reported annually on a Form T1135 (Foreign Income Verification Statement) if the total cost of the specified foreign property exceeds C$100,000 at any time during the year. Thus, if the C$100,000 cost threshold is exceeded by other foreign specified property held by the individual, the award of Restricted Stock Units must be reported (generally at a nil cost). For purposes of such reporting, shares of Common Stock acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if you own other shares of Common Stock (*e.g.,* acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other shares of Common Stock. You should consult with your personal tax advisor to determine your reporting requirements.

DENMARK

Terms and Conditions

Danish Stock Option Act. By accepting this Award, you acknowledge that you received an Employer Statement, translated into Danish, which is being provided to comply with the Danish Stock Option Act.

Notifications

Foreign Asset/Account Reporting Information. If you establish an account holding shares or cash outside of Denmark, you must report the account to the Danish Tax Administration. The form which should be used to make the report can be obtained from a local bank.

SPECIAL NOTICE FOR EMPLOYEES IN DENMARK
EMPLOYER STATEMENT

Pursuant to Section 3(1) of the Act on Stock Options in employment relations, as amended January 1, 2019 (the "***Stock Option Act***"), you are entitled to receive the following information regarding the restricted stock units granted to you by Seattle Genetics, Inc. (the "***Company***") under the Seattle Genetics, Inc. Amended and Restated 2007 Equity Incentive Plan (the "***Plan***") in a written statement.

This statement contains information applicable to your participation in the Plan, as required under the Stock Option Act, while the other terms and conditions of your restricted stock units ("***Stock Units***") are described in detail in the Plan and the Stock Unit Award Agreement (the "***Agreement***"), both of which have been made available to you. Capitalized terms used but not defined herein shall have the same meanings given to them in the Plan or the Agreement, as applicable.

Section 1 of the Stock Option Act provides that the Stock Option Act only applies to employees. Employees are defined in section 2 of the Stock Option Act as persons who receive remuneration for their personal services in an employment relationship. Persons, including managers, who are not regarded as employees under the Stock Option Act, will not be subject to the Stock Option Act. If you are not an employee within the meaning of the Stock Option Act, the Company therefore has no obligation to issue an employer information statement to you and you will not be able to rely on this statement for legal purposes, since only the terms and conditions set out in the Plan apply.

1. Date of grant

   The date of grant of your Stock Units is the date that the Board or its delegates approved a grant for you and determined it would be effective, which is set forth in the Agreement.

2. Terms or conditions for Stock Unit grant

   The grant of Stock Units under the Plan is made at the sole discretion of the Company. Employees, Directors and Consultants of the Company and its Affiliates, are eligible to receive grants under the Plan. The Board has broad discretion to determine who will receive Stock Units and to set the terms and conditions of the Stock Units. The Company may decide, in its sole discretion, not to make any grants of Stock Units to you in the future. Under the terms of the Plan and the Agreement, you have no entitlement or claim to receive future grants of Stock Units.

3. Vesting date or period

   The Stock Units will vest upon the Committee's certification of achievement of a Milestone (as set forth in the Grant Notice and the Agreement), subject to your continuous service through the applicable vesting date and other conditions set forth in the Plan and Agreement, and subject to Section 5 of this statement.

4. Exercise Price

No exercise price is payable upon the conversion of your Stock Units into shares of Common Stock in accordance with the vesting and settlement schedule described in the Agreement.

5. Your rights upon termination of employment

Vesting will cease upon your Termination of Employment and the Stock Units credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award or the shares of Common Stock to be issued in respect of such portion of the Award.

6. Financial aspects of participating in the Plan

The grant of Stock Units has no immediate financial consequences for you. The value of the Stock Units is not taken into account when calculating holiday allowances, pension contributions or other statutory consideration calculated on the basis of salary.

Shares of stock are financial instruments and investing in stock will always have financial risk. The future value of Company shares is unknown and cannot be predicted with certainty.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

SÆRLIG MEDDELELSE TIL MEDARBEJDERE I DANMARK
ARBEJDSGIVERERKLÆRING

I henhold til § 3, stk. 1, i lov om brug af køberet eller tegningsret m.v. i ansættelsesforhold som ændret 1. januar 2019 ("***Aktieoptionsloven***") er du berettiget til i en skriftlig erklæring at modtage følgende oplysninger om de betingede aktier, som du modtager fra Seattle Genetics, Inc. ("***Selskabet***") i henhold til Seattle Genetics, Inc.'s "Amended and Restated 2007 Equity Incentive Plan" ("***Ordningen***").

Denne erklæring indeholder de oplysninger, der i henhold til Aktieoptionsloven gælder for din deltagelse i Ordningen, mens de øvrige vilkår og betingelser for de betingede aktier ("***Betingede Aktier***") er nærmere beskrevet i Ordningen og i Aktietildelingsaftalen ("***Aftalen***"), som begge er udleveret til dig. Begreber, der står med stort begyndelsesbogstav i denne arbejdsgivererklæring, men som ikke er defineret heri, har den i Ordningen eller Aftalen anførte betydning.

I henhold til Aktieoptionslovens § 1 finder loven kun anvendelse for lønmodtagere. Lønmodtagere er defineret i Aktieoptionslovens § 2 som personer, der modtager vederlag for personligt arbejde i tjenesteforhold. Personer, herunder direktører, som ikke anses for at være lønmodtagere i Aktieoptionslovens forstand, er ikke omfattet af Aktieoptionsloven. Hvis du ikke er lønmodtager i Aktieoptionslovens forstand, er Selskabet derfor ikke forpligtet til at udstede en arbejdsgivererklæring til dig, og du vil ikke i juridisk henseende kunne henholde dig til denne arbejdsgivererklæring, da det alene er bestemmelserne i Ordningen, der er gældende.

1. Tildelingstidspunkt

Tidspunktet for tildeling af de Betingede Aktier er den dag, hvor Bestyrelsen eller en repræsentant for Bestyrelsen godkendte tildelingen og besluttede, at den skulle træde i kraft. Tidspunktet fremgår af Aftalen.

2. Vilkår og betingelser for tildelingen af Betingede Aktier

Tildelingen af Betingede Aktier i henhold til Ordningen sker efter Selskabets eget skøn. Tildeling kan i henhold til Ordningen ske til Medarbejdere, Bestyrelsesmedlemmer og Konsulenter i Selskabet og dets Tilknyttede Selskaber. Bestyrelsen har vide beføjelser til at bestemme, hvem der skal modtage Betingede Aktier og på hvilke vilkår. Selskabet kan frit vælge fremover ikke at tildele din nogen Betingede Aktier. I henhold til bestemmelserne i Ordningen og Aftalen har du ikke hverken ret til eller krav på fremover at få tildelt Betingede Aktier.

3. Modningsdato eller -periode

De Betingede Aktier modnes over en periode (som anført i Aftalen), forudsat at du fortsat er ansat på modningsdatoen, og at de øvrige betingelser i Ordningen og i Aftalen er opfyldt, dog med forbehold for pkt. 5 nedenfor.

4. Udnyttelseskurs

Der skal ikke betales nogen udnyttelseskurs i forbindelse med konverteringen af de Betingede Aktier til Ordinære Aktier i overensstemmelse med den i Aftalen beskrevne modnings- og afregningsplan.

5. Din retsstilling i forbindelse med fratræden

Med forbehold for bestemmelserne nedenfor vedrørende fremskyndet modning ophører modningen ved din Fratræden, og de Betingede Aktier på din Konto, som ikke er modnet på fratrædelsestidspunktet, bortfalder uden omkostninger for Selskabet, og du vil ikke længere have ret eller adkomst til Tildelingen eller de Ordinære Aktier, der udstedes i relation til denne del af Tildelingen.

6. Økonomiske aspekter ved deltagelse i Ordningen

Tildelingen af Betingede Aktier har ingen umiddelbare økonomiske konsekvenser for dig. Værdien af de Betingede Aktier indgår ikke i beregningen af feriepenge, pensionsbidrag eller øvrige lovpligtige, vederlagsafhængige ydelser.

Aktier er finansielle instrumenter, og investering i aktier vil altid være forbundet med en økonomisk risiko. Den fremtidige værdi af Selskabets aktier kendes ikke og kan ikke forudsiges med sikkerhed.

Seattle Genetics, Inc.
21823 - 30th Drive S.E.
Bothell, Washington 98021
U.S.A.

FINLAND

There are no country-specific provisions.

FRANCE

Terms and Conditions

Non-Qualified Award. The Stock Units are not granted as a "French-qualified" Award and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 to L. 225-197-6 of the French Commercial Code, as amended.

Consent to Receive Information in English. By accepting this Award, you confirm having read and understood the Plan and the Agreement which were provided in the English language. You accept the terms of those documents accordingly.

*Consentement Relatif à la Langue Utilisée**.** En acceptant l'attribution, vous confirmez avoir lu et compris le Plan et ce Contrat, qui ont été communiqués en langue anglaise. Vous acceptez les termes de ces documents en connaissance de cause.*

Notifications

Foreign Asset/Account Reporting Information. If you hold cash or shares of Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such assets and accounts to the French tax authorities on an annual basis on a specified form together with your income tax return. Failure to complete this reporting can trigger significant penalties.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). In case of payments in connection with securities (including proceeds realized upon the sale of shares of Common Stock or the receipt of dividends, if any), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically and the form of report ("**Allgemeine Meldeportal Statistik**") can be accessed via the Bundesbank's website (www.bundesbank.de), in both German and English. You are responsible for making this report.

Foreign Asset/Account Reporting Information. If your acquisition of shares of Common Stock acquired under the Plan leads to a so-called qualified participation at any point during the calendar year, you may need to report the acquisition when you file your tax return for the relevant year. A qualified participation is attained if (i) the value of the shares of Common Stock exceeds €150,000, or (ii) in the unlikely event that you hold shares of Common Stock exceeding 10% of the Company's

share capital. However, if the shares of Common Stock are listed on a recognized U.S. stock exchange and you own less than 1% of the Company, this requirement will not apply to you.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting this Award, you acknowledge that you have received a copy of the Plan and the Agreement and reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

You further acknowledge that you have read and specifically and expressly approve the following sections of the Agreement: Section 12. Nature of Award; Section 13. Tax Obligations; Section 14. No Advice Regarding Grant; Section 21. Severability; Section 22. Data Privacy; Section 26. Language; Section 28. Governing Law/Venue; and Section 29. Imposition of Other Requirements.

Notifications

Foreign Asset/Account Reporting Information. If you are an Italian resident and at any time during the fiscal year hold investments or financial assets outside of Italy (e.g., cash, shares of Common Stock) which may generate income taxable in Italy (or if you are the beneficial owner of such an investment or asset, even if you do not directly hold the investment or asset under Italian money laundering provisions), you are required to report such investments or assets on your annual tax return for such fiscal year (on UNICO Form, RW Schedule) or on a special form if you are not required to file a tax return.

Foreign Financial Assets Tax. The fair market value of any shares of Common Stock held outside of Italy is subject to a foreign assets tax. Financial assets include shares of Common Stock acquired under the Plan. The taxable amount will be the fair market value of the financial assets assessed at the end of the calendar year. You should consult with your personal tax advisor about the foreign financial assets tax.

NETHERLANDS

There are no country-specific provisions.

PORTUGAL

Terms and Conditions

Consent to Receive Information in English. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. *Contratado, pelo presente instrumento, declara expressamente que*

tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e

concordou com os termos e condições estabelecidas no Plano e no Acordo

Notifications

Exchange Control Information. If you receive shares of Common Stock upon vesting and settlement of the Award, the acquisition of shares of Common Stock should be reported to the Banco de Portugal for statistical purposes. If shares of Common Stock are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report on your behalf. If the shares of Common Stock are not deposited with a commercial bank or financial intermediary in Portugal, you are responsible for submitting the report to the Banco de Portugal.

SPAIN

Terms and Conditions

Labor Law Acknowledgment. The following provisions supplement Section 12 of the Agreement:

By accepting this Award, you agree to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand and agree that, except as otherwise provided in the Agreement, you will forfeit any Stock Units in the event of your Termination of Employment by reason of, but not limited to, resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a "*despido improcedente*," individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Service Recipient and under Article 10.3 of the Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant Stock Units under the Plan to individuals who are employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliates on an ongoing basis except as set forth under the terms of the Plan and the Agreement. Consequently, you understand that any Award is given on the assumption and condition that it shall not become a part of any employment contract (either with the Company or any Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from any gratuitous and discretionary grant since the future value of the Stock Units and shares of Common Stock is unknown and unpredictable and you may forfeit the Stock Units if your Termination of Employment occurs prior to vesting. In addition, you understand that this Award would not be made but for the assumptions and conditions referred to above; thus, you understand, acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then this Award shall be null and void.

Notifications

Exchange Control Information. The acquisition, ownership and sale of shares of Common Stock under the Plan must be declared for statistical purposes to the *Spanish Dirección General de Comercio e Inversiones* (the "***DGCI***"), the Bureau for Commerce and Investments, which is a department of the Ministry of Industry, Tourism and Commerce. Generally, the declaration must be made in January for shares of Common Stock owned as of December 31 of the prior year and/or shares of Common Stock acquired or disposed of during the prior year; however, if the value of shares of Common Stock acquired or disposed of or the amount of the sale proceeds exceeds €1,502,530 (or if you hold 10% or more of the share capital of the Company), the declaration must be filed within one month of the acquisition or disposition, as applicable.

In addition, you may be required to electronically declare to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including shares of Common Stock acquired under the Plan), and any transactions with non-Spanish residents (including any payments of shares of Common Stock made pursuant to the Plan), depending on the balances in such accounts together with the value of such instruments as of December 31 of the relevant year, or the volume of transactions with non-Spanish residents during the relevant year.

Foreign Asset/Account Reporting Information. To the extent that you hold rights or assets (*i.e.,* cash or shares of Common Stock held in a bank or brokerage account) outside Spain with a value in excess of €50,000 per type of right or asset (*e.g.,* shares of Common Stock, cash, etc.) as of December 31 each year, you are required to report information on such rights and assets on your tax return for such year. After such rights or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. You should consult with your personal tax and legal advisors to ensure that you are properly complying with your reporting obligations.

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of this Award. The Agreement has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Terms and Conditions

Grant of the Award. The Award granted to a Swiss Participant is a voluntary gratuity (*Gratifikation*) as determined at the Company's sole discretion which the Participant has no entitlement to and which does not constitute an entitlement of the Participant for a grant of further Awards in the future.

Language Acknowledgement. Participant confirms having read and understood the documents relating to the Plan, including the Stock Unit Agreement and all terms and conditions included therein, which were provided in the English language only. Participant confirms having sufficient language capabilities to understand these terms and conditions in full.

Du bestätigst, dass du den Plan sowie die dazugehörigen Dokumente, inklusive der Vereinbarung, mit all den darin enthaltenen Bedingungen und Voraussetzungen, welche in englischer Sprache verfasst sind, gelesen und verstanden hast. Du bestätigst dass Deine Sprachkenntnisse genügend sind, um die Bedingungen und Voraussetzungen zu verstehen.

Notifications

Securities Law Information. Neither the Agreement nor any other materials relating to the Award (i) constitutes a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services ("***FinSA***") (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company or (iii) has been filed with approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA.

UNITED KINGDOM

Terms and Conditions

Tax Obligations. The following provision supplements Section 13 of the Agreement:

Without limitation to Section 13 of the Agreement, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue and Customs ("***HMRC***") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on your behalf.

Notwithstanding the foregoing, if you are a director or an executive officer of the Company (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), you acknowledge that you may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by you, as it may be considered a loan. In this case, the amount of any income tax not collected within 90 days of the end of the U.K. tax year in which the event giving rise to the Tax-Related Item(s) occurs may constitute an additional benefit to you on which additional income tax and National Insurance contributions ("***NICs***") may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may recover from you by any of the means referred to in the Plan or Section 13 of the Agreement.

NIC Joint Election. As a condition of your participation in the Plan and the vesting and settlement of the Award or receipt of any benefit in connection with the Award, you agree to accept any liability for secondary Class 1 NICs that may be payable by the Company or the Employer (or any successor to the Company or the Employer) in connection with the Award and any event giving rise to Tax-Related Items (the "***Employer's Liability***"). Without prejudice to the foregoing, you agree to enter into the following joint election with the Company, the form of such joint election being formally approved by HMRC (the "***Joint Election***"), and any other required consent or elections. You further agree to enter into such other Joint Elections as may be required between you and any successor to the Company and/or the Employer for the purpose of continuing the effectiveness of the Joint Election. You further agree that the Company and/or the Employer may collect the Employer's Liability from you by any of the means set forth in Section 13 of the Agreement.

If you do not enter into the Joint Election prior to the vesting of the Award or any other event giving rise to Tax-Related Items, you will not be entitled to vest in the Award and receive shares of Common Stock (or receive any other benefit in connection with the Award) unless and until you enter into the Joint Election, and no shares of Common Stock or other benefit will be issued to you under the Plan, without any liability to the Company, the Employer or any other service recipient.

Exhibit 21.1

Subsidiaries of Seattle Genetics, Inc.

Name	**Jurisdiction of Incorporation**	
Seagen Canada, Inc.	Canada	
Seattle Genetics UK, Limited	England and Wales	
SeaGen International GmbH	Switzerland	
Seagen Ireland Limited	Ireland	
Seagen Netherlands B.V.	Netherlands	
Seagen Germany GmbH	Germany	
Seagen Denmark ApS	Denmark	
Seagen Italy S.r.l.	Italy	
Seagen France SARL	France	
East Coast Ventures, Inc.	Delaware	
Cascadian Therapeutics, Inc.	Delaware	
SeaGen International Holdings, LLC	Delaware	
SeaGen US Holdings, LLC	Delaware	
SeaGen, Inc.	Delaware	
Biomira Management, Inc.	Delaware	
Protocell Therapeutics, Inc.	Delaware	
ProlX Pharmaceuticals Corporation	Delaware	
0811769 B.C. ULC	Canada	
Cascadian Therapeutics Luxembourg	Luxembourg	
Oncothyreon Canada ULC	Canada	

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-232397, 333-226370, 333-212688, 333-204331, 333-197992, 333-188446, 333-176144, 333-168672, 333-148188, 333-56670) and Form S-3 (No. 333-222793) of Seattle Genetics, Inc. of our report dated February 6, 2020 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington

February 6, 2020

Exhibit 31.1

CERTIFICATIONS

I, Clay B. Siegall, certify that:

1. I have reviewed this Annual Report on Form 10-K of Seattle Genetics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Clay B. Siegall

Clay B. Siegall

Chief Executive Officer

(Principal Executive Officer)

Date: February 6, 2020

Exhibit 31.2

CERTIFICATIONS

I, Todd E. Simpson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Seattle Genetics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Todd E. Simpson

Todd E. Simpson

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: February 6, 2020

Exhibit 32.1

SEATTLE GENETICS, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Seattle Genetics, Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Clay B. Siegall, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Clay B. Siegall

Clay B. Siegall

Chief Executive Officer

(Principal Executive Officer)

Date: February 6, 2020

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Seattle Genetics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

SEATTLE GENETICS, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Seattle Genetics, Inc. (the "Company") on Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd E. Simpson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Todd E. Simpson

Todd E. Simpson

Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: February 6, 2020

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Seattle Genetics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.